

Registration number: 07934819

Kelvin Construction Company Limited

Annual Report and Financial Statements

For the year ended 31 December 2019



Kelvin Construction Company Limited

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Kelvin Construction Company Limited

Company Information

Directors

R. Ziyat

S. Innis

S. Van Der Vord

Registered office

12 Barshaw Business Park
Leycroft Road
Leicester
Leicestershire
LE4 1ET

Independent Auditors

Azets Audit Services
2 Regan Way
Chetwynd Business Park
Chilwell
Nottingham
NG9 6RZ

Kelvin Construction Company Limited

Strategic Report For The Year Ended 31 December 2019

The directors present their strategic report for the period ended 31 December 2019

Principal activities

The principal activity of the company is that of structural engineers.

Fair review of the business

The directors can report a turnover for the period ended 31 December 2019 of £3,356,835. Due to a strong performance on the contracts, although turnover reduced, gross profit saw an increase in 2019 when compared to the previous accounting period.

CAPITALISE ON THE KNOWHOW AND THE OFFERS AVAILABLE THROUGHOUT THE VINCI ENERGIES GROUP

The commitment of our employees, their awareness of customer needs coupled with our project management approach has helped further improve our quality of service.

By joining forces with the wider Vinci Energies group and sharing complementary expertise, this enables us to support our clients with the highest quality and global value-added solutions. This network approach along with the brands that exist throughout the Vinci Energies group allows us to leverage the strength of the group for the benefit of our clients.

SPECIALISED BY SECTOR OF ACTIVITY AND CUSTOMER PROCESS

Our teams continue to build specialist knowledge and experience to enable us to increasingly provide high content and solutions tailored to our customers' process.

DEVELOPMENT OF OUR PEOPLE

Investment in our people is the best investment that we can make.

Fully supported by our VINCI Energies Academy in the UK, our training policy is a powerful tool for ensuring that our skills and expertise are continually adapting to on-going changes in technology.

We remain committed to our training programme and thank our employees for their contribution during 2019.

IMPROVE SAFETY

Safety is our number one priority. We are committed to our "zero lost days" target and continue to involve all employees through training, safety day initiatives, identification of dangerous situations and sharing of best practices as well as regular audit procedures and external assessments.

Kelvin Construction Company Limited

Strategic Report For the year ended 31 December 2019

LOOKING FORWARD

Kelvin Construction Company Limited will continue in its initiatives described above in order to ensure a sustainable and profitable future for both the company and its clients.

KEY PERFORMANCE INDICATORS

For the period ended 31 December 2019, the company has made a profit before tax of £415,172 (period ended 31 December 2018: £153,292).

Financial risk management objectives and policies

The company's activities expose it to several financial risks, including price risk, credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the company's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The company has not used derivative financial instruments in the current year.

CASH FLOW RISK

The company conducts a limited number of transactions in foreign currency; as such the financial risks are small, and as a result, the company does not use foreign exchange forward contracts or interest rate swap contracts to hedge these exposures. Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

In March 2020 the impact of the Covid-19 pandemic was apparent globally. At the balance sheet date, the company had net assets of £1,235,466 (2018 - £860,808) which includes cash at bank of £516,202 (2018 - £352,355).

In assessing the appropriateness of the going concern assumption, the directors have reviewed detailed profit and cashflow forecasts considering reasonably foreseeable potential scenarios and uncertainties in relation to income and expenditure for a period of at least 12 months from the sign off of these financial statements. The company continues to trade and has met liability payments as they fall due and the directors have concluded that the Covid-19 pandemic does not create a material uncertainty in relation to going concern and as such have deemed it appropriate for the financial statements to be prepared on the going concern basis.

CREDIT RISK

The company's principal financial assets are cash plus bank balances and other trade receivables.

The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited since the counterparties are banks with high credit ratings assigned by international credit ratings agencies.

LIQUIDITY RISK

As the company is party to a centralised cash management agreement in place with the Belgian company VINCI Finance International, liquidity risk is of a minimal nature.

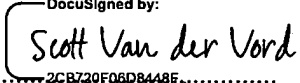
Kelvin Construction Company Limited

Strategic Report For the year ended 31 December 2019

SUPPLIER PAYMENT POLICY

It is the policy of the company that appropriate terms and conditions are agreed for its transactions with suppliers (by means ranging from standard written terms to individually negotiated contracts) and that payment should be made in accordance with those terms and conditions, provided that the supplier has also complied with them.

Approved by the Board on 22nd December 2020 and signed on its behalf by:

DocuSigned by:

.....2CB720F06D8448F.....
S. Van Der Vord - Director

Kelvin Construction Company Limited
Directors' Report For the year ended 31 December 2019

The directors present their report and the audited financial statements for the period from for the year ended 31 December 2019.

Certain matters that are required to be disclosed in the Directors' Report under Schedule 7 of the Companies Act 2006 have instead been disclosed in the Strategic Report, as permitted by S.414C(11) of the Companies Act 2006.

Dividends

During the period the directors paid no dividends (period ended 31 December 2018: £nil).

Directors of the company

The directors of the company who were in office during the period and up to the date of signing the financial statements were:

R. Ziyat

P. Guerin (resigned 27 October 2019)

S. Innis

S. Van Der Vord

Charitable and political donations

During the period the company made charitable donations of £200 (period ended 31 December 2018: £nil).

Future developments and financial risk management

The future developments and financial risk managements are discussed in the Strategic Report.

Disclosure of information to the auditors

So far as the director is 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 he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

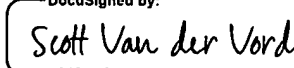
Kelvin Construction Company Limited

Directors' Report For the year ended 31 December 2019

Independent auditors

Azets Audit Services were appointed as auditors of the Company during the period and pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Azets Audit Services will therefore continue in office.

Approved by the Board on 22nd December 2020 and signed on its behalf by:

DocuSigned by:

.....2C8720F06D8448F.....
S. Van Der Vord - Director

Kelvin Construction Company Limited

Statement of Directors' Responsibilities in Respect of the Annual Report and Financial Statements

The directors acknowledge their responsibilities for preparing the Strategic report, Directors' Report and the audited financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 maintaining 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.

Kelvin Construction Company Limited

Independent Auditor's Report to the Members of Kelvin Construction Company Limited

Opinion

We have audited the financial statements of Kelvin Construction Company Limited (the 'company') for the year ended 31 December 2019 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and 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 101 'Reduced Disclosure Framework'.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Kelvin Construction Company Limited

Independent Auditor's Report to the Members of Kelvin Construction Company Limited

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

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 our audit:

- the information given in the strategic report and the directors' report for the financial period 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 and the directors' report.

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.

Kelvin Construction Company Limited

Independent Auditor's Report to the Members of Kelvin Construction Company Limited

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Kelvin Construction Company Limited

Independent Auditor's Report to the Members of Kelvin Construction Company 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 an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company.

Azets Audit Services

**Mitesh Thakrar (Senior Statutory Auditor)
for and on behalf of Azets Audit Services**

23 December 2020
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Statutory Auditor

2 Regan Way
Chetwynd Business Park
Chilwell
Nottingham
NG9 6RZ

Kelvin Construction Company Limited

Profit and Loss Account For the year ended 31 December 2019

		Year ended 31 December 2019	2 February 2018 to 31 December 2018
	Note	£	£
Turnover	3	3,356,835	3,866,362
Cost of sales		<u>(2,506,236)</u>	<u>(3,322,897)</u>
Gross profit		850,599	543,465
Administrative expenses		<u>(412,436)</u>	<u>(392,994)</u>
Operating profit	4	<u>438,163</u>	<u>150,471</u>
Other interest receivable and similar income	5	2,401	-
Interest payable and similar expenses	6	<u>(25,392)</u>	<u>2,821</u>
		<u>(22,991)</u>	<u>2,821</u>
Profit before taxation		415,172	153,292
Tax on profit	10	<u>(40,514)</u>	<u>(29,893)</u>
Profit for the financial period		<u>374,658</u>	<u>123,399</u>

The above results were derived from continuing operations.

The company has no other comprehensive income for the period other than the results above.

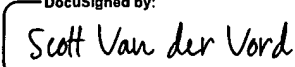
The notes on pages 15 to 31 form an integral part of these financial statements.

Kelvin Construction Company Limited

(Registration number: 07934819)
Balance Sheet as at 31 December 2019

	Note	31 December 2019 £	Restated 31 December 2018 £
Fixed assets			
Intangible assets	11	217,250	217,250
Tangible assets	12	15,544	26,887
Right of Use Assets	13	1,584	-
		<u>234,378</u>	<u>244,137</u>
Current assets			
Work in progress	14	-	-
Debtors	15	1,036,950	1,615,216
Cash at bank and in hand	16	516,202	352,355
		<u>1,553,152</u>	<u>1,967,571</u>
Creditors: Amounts falling due within one year	17	(552,064)	(1,312,639)
Net current assets		<u>1,001,088</u>	<u>654,932</u>
Total assets less current liabilities		1,235,466	899,069
Provisions for liabilities	18	-	(38,261)
Net assets		<u>1,235,466</u>	<u>860,808</u>
Capital and reserves			
Called up share capital	20	1	1
Profit and loss account	21	1,235,465	860,807
Total equity		<u>1,235,466</u>	<u>860,808</u>

The financial statements on pages 12 to 31 were approved and authorised by the Board on 22nd December 2020 and signed on its behalf by:

DocuSigned by:

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S. Van Der Vord - Director

The notes on pages 15 to 31 form an integral part of these financial statements.

Kelvin Construction Company Limited

Statement of Changes in Equity For the year ended 31 December 2019

	Share capital £	Profit and loss account £	Total £
At 1 January 2019	1	860,807	860,808
Profit for the period	-	374,658	374,658
Total comprehensive income	-	374,658	374,658
At 31 December 2019	1	1,235,465	1,235,466

	Share capital £	Profit and loss account £	Total £
At 2 February 2018	1	737,408	737,409
Profit for the period	-	123,399	123,399
Total comprehensive income	-	123,399	123,399
At 31 December 2018	1	860,807	860,808

The notes on pages 15 to 31 form an integral part of these financial statements.

Kelvin Construction Company Limited

Notes to the Financial Statements For the year ended 31 December 2019

1 General information

Kelvin Construction Company 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

Summary of significant accounting policies and key accounting estimates

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods in these financial statements.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention. The Financial statements are prepared in Pound Sterling which is the functional currency. Monetary amounts are rounded to the nearest Pound.

Basis of preparation

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRS's"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Kelvin Construction Company Limited

Notes to the Financial Statements For the year ended 31 December 2019

2 Accounting policies (continued)

Summary of disclosure exemptions

In these financial statements, the company has applied the following exemptions available under FRS 101:

- The requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - (i) Paragraph 79(a)(iv) of IAS 1;
 - (ii) Paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
 - (iii) Paragraph 118(e) of IAS 38 Intangible Assets;
- The requirements of paragraphs 10(d), 10(f), and 134-136 of IAS 1 Presentation of Financial Statements;
- The requirements of IAS 7 Statement of Cash Flows;
- The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- The requirements of paragraphs 45(b) and 46-52 of IFRS 'Share based payments';
- The requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- The requirements in IAS 24 Related Party Disclosures to disclose transactions with other wholly owned subsidiaries of the Vinci AS group; and
- Certain disclosure requirements of IFRS 15.

As the consolidated financial statements of Vinci SA include the equivalent disclosures, the company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement by IFRS 7 Financial Instrument Disclosures and IAS 36 Impairment of Assets.

Name of parent of group

The company's ultimate parent undertaking, Vinci SA, includes the company in its consolidated financial statements. The consolidated financial statements of Vinci SA are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from 1 Cours Ferdinand de Lesseps, 92851, Rueil Malmaison Cedex, France.

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report on pages 2 to 4. The financial position of the company is shown in the balance sheet on page 13.

In assessing the appropriateness of the going concern assumption, the directors have reviewed detailed profit and cashflow forecasts considering reasonably foreseeable potential scenarios and uncertainties in relation to income and expenditure for a period of at least 12 months from the sign off of these financial statements. The company continues to trade and has met liability payments as they fall due and the directors have concluded that the Covid-19 pandemic does not create a material uncertainty in relation to going concern and as such have deemed it appropriate for the financial statements to be prepared on the going concern basis.

Kelvin Construction Company Limited

Notes to the Financial Statements For the year ended 31 December 2019

2 Accounting policies (continued)

Turnover

Revenue relating to construction and service contracts is recognised in accordance with IFRS 15. In view of the company's main activities, the majority of construction and service contracts involve only one performance obligation which is fulfilled as contract execution progresses. Revenue is recognised over time and using a cost input basis which reflect the nature of the company's contract performance. To measure the progress towards completion of construction and service contracts, the company uses the cost-to-cost method. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

Contract amendments (relating to the price and/or scope of the contract) are recognised when approved by the client. Where amendments relate to the new goods or services regarded as distinct under IFRS 15, and where the contract price increases by an amount reflecting stand-alone selling prices of the additional goods or services, those amendments are recognised as a distinct contract. The cost of winning the contract that would not have been incurred if the company had not won the contract is recognised as an asset where it is recoverable and amortised over the estimated contract term. At the company level, the cost of winning contracts, capitalised and amortised over a period of more than one year, is not material. The company's invoicing to customers is designed to match the profile of its costs and cashflows, where the invoicing profile does not match the pattern of revenue recognition this results in contract assets and liabilities.

Foreign currency transactions and balances

Transactions in foreign currencies are translated to the company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Kelvin Construction Company Limited

Notes to the Financial Statements For the year ended 31 December 2019

2 Accounting policies (continued)

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Tangible assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is provided at annual rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows.

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Asset class	Depreciation method and rate
Plant and machinery	25% on reducing balance

Intangible assets

Intangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Goodwill

Company law requires goodwill to be written off over a finite period. Non-amortisation of goodwill, in accordance with International Financial Reporting Standards, is a departure from the requirements of company law for the overriding purpose of giving a true and fair view. If this departure from company law had not been made, the profit for the financial year would have been reduced by amortisation of goodwill. However, the amount of amortisation cannot reasonably be quantified other than by reference to an arbitrary assumed period for amortisation

Kelvin Construction Company Limited

Notes to the Financial Statements For the year ended 31 December 2019

2 Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Provisions

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Employee benefit costs - defined contribution plans

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.

Prior year adjustment

A prior year adjustment has been processed to reclassify work in progress (representing amounts recoverable on contracts) from work in progress to contract assets within debtors due within 1 year. As such, the previously reported work in progress have been reduced by £86,145, with a corresponding increase in contract assets. There has been no impact upon net assets or the previously reported profit

Kelvin Construction Company Limited

Notes to the Financial Statements For the year ended 31 December 2019

2 Accounting policies (continued)

Contract assets and liabilities

The company's trade receivables represent the unconditional right to receive consideration ("a payment") when the goods or services promised to the customer in the contract have been transferred. However, where the right is dependent on the transfer of other goods or services and/or the completion of milestones or stages defined in the contract, the company regards the amount representing that "conditional" right as a contract asset. Contract assets related to the portion of performance obligations already fulfilled by the company and for which the definitive right to receive cash was subject to completing other work specified in the relevant contracts. Contract assets turn into receivables as works are received by the client, giving rise to the company's unconditional right to receive cash. Contract assets therefore represent a portion of future payments receivable by the company under existing contracts.

Amounts relating to any company obligation to transfer goods or services for which it has already received a payment, or for which the right to such payment is enforceable as contract liabilities under IFRS 15. Within the company, contract assets correspond to invoices not yet raised. In accordance with IFRS 9, contract assets are analysed to assess any risk of non-recovery ("credit risk"). Contract liabilities mainly consist of advances received and prepaid income.

Impact of the first-time adoption of IFRS 16 for the Company

Since 1 January 2019, the Company has applied IFRS 16 "Leases" according to the "simplified retrospective" transitional approach. The cumulative effects of first-time adoption have been recognised in opening equity at 1 January 2019 and 2018 data presented for comparative purposes has not been adjusted. The Company recognises all of its leases on the balance sheet, with the exception of those with a term of less than 12 months and those relating to items whose unit value in brand-new condition is not material, whereas the previous accounting standard (IAS 17) required only finance leases to be recognised on the balance sheet. The application of IFRS 16 caused the Company to recognise, at 1 January 2019, £5,387 of rights to use leased assets over their lease terms on the asset side of its balance sheet, and £5,387 of liabilities corresponding to the obligation to make lease payments. On the income statement, asset depreciation charges and interest expense relating to the corresponding lease liabilities replace the lease expense previously recognised entirely under operating income. Overall, IFRS 16 led to an improvement in EBITDA but had a neutral impact in terms of free cash flow. The impact on EBIT was limited. The change in method is described in Note 13 to the financial statements, "Change in accounting methods – IFRS 16 'Leases'", page 26.

Kelvin Construction Company Limited

Notes to the Financial Statements For the year ended 31 December 2019

3 Turnover

Turnover performance is reviewed at company and individual contract level and therefore no additional disaggregated revenue disclosures are provided.

The company's turnover is attributable to the principal activity disclosed in the strategic report.

The analysis of turnover by geographical market is given below:

	Year Ended 31 December 2019	2 February 2018 to 31 December 2018
	£	£
United Kingdom	2,612,037	3,866,362
Europe	744,798	-
	<u>744,798</u>	<u>-</u>

4 Operating profit

Arrived at after charging

	Year Ended 31 December 2019	2 February 2018 to 31 December 2018
	£	£
Depreciation expense	15,877	14,308
	<u>15,877</u>	<u>14,308</u>

Kelvin Construction Company Limited

Notes to the Financial Statements For the year ended 31 December 2019

5 Other interest receivable and similar income

	For the year 2 February 2018 ended 31 to 31 December	
	December 2019	2018
	£	£
Interest income on bank deposits	2,401	-

6 Interest payable and similar expenses

	For the year 2 February 2018 ended 31 to 31 December	
	December 2019	2018
	£	£
Interest on obligations under finance leases and hire purchase contracts	86	-
Foreign exchange (gains) / losses	25,306	(2,821)
	25,392	(2,821)

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	For the year 2 February 2018 ended 31 to 31 December	
	December 2019	2018
	£	£
Wages and salaries	563,010	599,435
Social security costs	58,181	67,663
Pension costs, defined contribution scheme	31,035	22,120
Other employee expenses	8,111	9,449
	660,337	698,667

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Notes to the Financial Statements For the year ended 31 December 2019

7 Staff costs (continued)

The average number of persons employed by the company (including directors) during the period, analysed by category was as follows:

	For the year 2 February 2018 ended 31 to 31 December	
	December 2019	2018
	No.	No.
Production	9	16
Administration and support	6	5
	<u>15</u>	<u>21</u>

8 Directors' remuneration

The directors' remuneration for the period was as follows:

	For the year 2 February 2018 ended 31 to 31 December	
	December 2019	2018
	£	£
Contributions paid to money purchase schemes	<u>-</u>	<u>-</u>

Certain directors are employed by other companies within the Vinci SA group and are paid directly by those companies. The emoluments they receive in respect of their role as directors of this company are not disclosed in these financial statements as they have not rendered services to the company.

During the period the number of directors who were receiving benefits and share incentives was as follows:

	For the year 2 February 2018 ended 31 to 31 December	
	December 2019	2018
	£	£
Accruing benefits under money purchase pension scheme	<u>-</u>	<u>-</u>

Kelvin Construction Company Limited

Notes to the Financial Statements For the year ended 31 December 2019

9 Auditors' remuneration

	1 January 2019 to 31 December 2019 £	2 February 2018 to 31 December 2018 £
Audit of the financial statements	5,000	-

10 Taxation on profit

Tax charged in the income statement

	For the year ended 31 December 2019 £	2 February 2018 to 31 December 2018 £
Current taxation		
UK corporation tax	82,076	30,832
Deferred taxation		
Arising from origination and reversal of timing differences	(41,562)	(939)
Tax expense in the income statement	40,514	29,893

The differences are reconciled below:

	For the year ended 31 December 2019 £	2 February 2018 to 31 December 2018 £
Profit before tax	415,172	153,292
Corporation tax at standard rate in the UK (19%)	78,883	29,125
Permanent Difference	1,680	-
Other	1,229	-
Deferred tax expense (credit) from unrecognised temporary difference from a prior period	(41,278)	939
Tax (decrease)/increase from effect of capital allowances and depreciation	-	(171)
Total tax charge	40,514	29,893

Kelvin Construction Company Limited

Notes to the Financial Statements For the year ended 31 December 2019

10 Taxation on profit (continued)

Deferred tax

Deferred tax assets and liabilities

31 December 2019

Accelerated capital allowances

Asset
£

3,301

31 December 2018

Accelerated capital allowances

Liability
£

38,261

11 Intangible assets

	Goodwill £	Total £
Cost or valuation		
At 1 January 2019	302,500	302,500
At 31 December 2019	302,500	302,500
Accumulated amortisation		
At 1 January 2019	85,250	85,250
At 31 December 2019	85,250	85,250
Carrying amount		
At 31 December 2018	217,250	217,250
At 31 December 2019	217,250	217,250

Kelvin Construction Company Limited

Notes to the Financial Statements For the year ended 31 December 2019

12 Tangible assets

	Plant and machinery £	Total £
Cost or valuation		
At 1 January 2019	69,055	69,055
Additions	4,534	4,534
At 31 December 2019	73,589	73,589
Accumulated depreciation		
At 1 January 2019	42,168	42,168
Charge for the period	15,877	15,877
At 31 December 2019	58,045	58,045
Carrying amount		
At 31 December 2018	26,887	26,887
At 31 December 2019	15,544	15,544

13 IFRS 16 – Leases

	2019 £	2018 £
Vehicles		
Right of use assets	5,387	-
Amortisation	(3,803)	-
At 31 December 2019	1,584	-
Carrying amount		
Lease Liability > 1 year	-	-
Lease Liability < 1 year	(1,600)	-

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Notes to the Financial Statements For the year ended 31 December 2019

13. IFRS 16 – Restatement of Balances

Change in accounting methods – IFRS 16 “Leases”

The Company applied IFRS 16 to leases in existence on 1 January 2019, according to the “simplified retrospective” approach. The 2018 figures, presented for comparison purposes, have therefore not been adjusted to reflect the transitional provisions of IFRS 16. IFRS 16 “Leases” changes the way that lessees recognise leases. It replaces the IAS 17 accounting standard along with the IFRIC 4, SIC 15 and SIC 27 interpretations. IFRS 16 requires lessees to use a single method for recognising leases, affecting the balance sheet in a similar way to finance leases as recognised until 31 December 2018 in accordance with IAS 17. The Company is not a party to any material leases in which it is the lessor, other than certain intracompany leases. The accounting treatment of leases has not been significantly changed by IFRS 16. The Company applies the IFRS 16 provisions described below for all its leases relating to underlying assets whose value, in brand-new condition, is material and/or where the lease term is more than 12 months taking into account renewal options provided for contractually.

Impact of the first-time adoption of IFRS 16 on the financial statements at 1 January 2019

Before IFRS 16 came into force, the Company designated each lease as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all the risks and rewards incidental to ownership of the asset; otherwise, the lease was classified as an operating lease. Finance leases resulted in the recognition of a non-current asset and a balancing liability, and lease payments were allocated to repayment of the liability and interest. The asset was depreciated over the lease term or its useful life where it was probable that a purchase option included in the lease would be exercised. For operating leases, non-current assets were not recognised on the balance sheet while lease payments were recognised on the income statement, spread over the lease term in equal proportions. Lease payments made in advance or still payable were recognised on the balance sheet in the working capital requirement.

Leases designated as operating leases at 31 December 2018

Since IFRS 16 came into force, the Company has recognised a lease liability reflecting the sum of lease payments still to be made, discounted at the marginal interest rate of the liability, determined using the approach explained below, with a balancing entry representing the right to use the underlying asset. According to the simplified approach, the amount of right-of-use assets is equal to the amount of the lease liability recognised (in some cases adjusted for lease payments paid in advance or still payable). IFRS 16 does not apply to leases with terms of less than one year or relating to low-value assets; the related lease payments are still recognised in the income statement with no impact on the Company’s balance sheet. Lease terms include minimum lease terms and any renewal periods provided for in the leases. Property lease terms have been assessed on the basis of local law and the expected use of the premises. Variable lease payments or services related to the lease are not

Kelvin Construction Company Limited

Notes to the Financial Statements For the year ended 31 December 2019

taken into account in determining the amount of the right-of-use asset or that of the lease liabilities. They are recognised as expenses when incurred. To determine the marginal interest rate used to calculate the lease liability, the Company takes into account the weighted average duration of payments, country risk and specific risk for each Company business line. Deferred tax has been recognised on the difference between right-of-use assets and lease liabilities falling within the scope of IFRS 16. The tables below set out the impacts of the first-time adoption of IFRS 16 at 1 January 2019 on the Company's opening balance sheet; they show that the application of that standard resulted in a change/increase/decrease in equity attributable to owners amounting to £nil net of deferred tax on 1 January 2019.

	31 December 2018 restated £	Adjustments	1 January 2019 Adjusted £
Fixed assets			
Intangible assets	217,250		217,250
Tangible assets	26,887		26,887
Right of Use Assets	-	5,387	5,387
	<u>244,137</u>	<u>5,387</u>	<u>249,524</u>
Current assets			
Stocks	-		-
Debtors	1,615,216		1,615,216
Cash at bank and in hand	352,355		352,355
	<u>1,967,571</u>		<u>1,967,571</u>
Creditors: Amounts falling due within one year	<u>(1,312,639)</u>	<u>(3,787)</u>	<u>(1,316,426)</u>
Net current assets	<u>654,932</u>		<u>651,145</u>
Total assets less current liabilities	899,069		900,669
Non-Current Liabilities		(1,600)	(1,600)
Provisions for liabilities	<u>(38,261)</u>		<u>(38,261)</u>
Net assets	<u>860,808</u>		<u>860,808</u>
Capital and reserves			
Called up share capital	1		1
Profit and loss account	<u>860,807</u>		<u>860,807</u>
Total equity	<u>860,808</u>		<u>860,808</u>

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Notes to the Financial Statements For the year ended 31 December 2019

14 Work in progress

	31 December 2018	As restated 31 December 2018
	£	£
Work in progress	-	-

15 Debtors

	31 December 2019	As restated 31 December 2018
	£	£
Trade debtors	163,787	1,415,543
Amounts owed by group undertakings	229,155	5,268
Other debtors	9,058	85,547
Deferred tax	3,301	-
VAT Control Account	54,528	-
Prepayments	36,312	22,713
Contract Assets	540,809	86,145
Total current trade and other debtors	1,036,950	1,615,216

The company has recognised impairment losses of £nil (period to 31 December 2018: £nil) on trade debtors in the period. No impairment losses have been recognised on contract assets.

16 Cash at bank and in hand

	31 December 2019	31 December 2018
	£	£
Cash at bank	516,202	352,355
	516,202	352,355

Kelvin Construction Company Limited

Notes to the Financial Statements For the year ended 31 December 2019

17 Creditors: Amounts falling due within one year

	31 December 2019 £	31 December 2018 £
Due within one year		
Trade creditors	423,388	919,696
Amounts owed to group undertakings	-	177,537
Social security and other taxes	25,807	48,769
Other payables	-	43,033
Lease Liabilities	1,600	-
Accrued expenses	24,762	59,439
Income tax liability	60,920	17,837
Contract Liabilities	15,587	46,328
	<u>552,064</u>	<u>1,312,639</u>

18 Provisions for liabilities

	Deferred tax £	Total £
At 31 December 2018	38,261	38,261
Credit to profit and loss account	<u>(38,261)</u>	<u>(38,261)</u>
At 31 December 2019	<u>-</u>	<u>-</u>

19 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £23,174 (2018 - £22,120).

Kelvin Construction Company Limited

Notes to the Financial Statements For the year ended 31 December 2019

20 Called up share capital

Allotted, called up and fully paid shares

	31 December 2019		31 December 2018	
	No.	£	No.	£
Ordinary shares of £1 each	1	1	1	1

21 Reserves

Share capital

There is a single class of ordinary shares. All the shares hold full voting rights and there are no restrictions on the distribution of dividends and the repayment of capital.

Profit and loss account

The profit and loss account reserve represent accumulated comprehensive income for the period and prior periods.

22 Parent and ultimate parent undertaking

The company's immediate parent is Kelvin Energy (UK) Limited, incorporated in England and Wales.

The ultimate parent is Vinci SA, incorporated in France.

The most senior parent entity producing publicly available financial statements is Vinci SA. These financial statements are available upon request from 1 Cours Ferdinand de Lesseps, 92851 Rueil Malmaison Cedex, France.

23 Post Balance Sheet Events

In March 2020 the COVID-19 outbreak was declared a pandemic by the World Health Organization. The directors have evaluated the potential impact of the pandemic on the financial performance of the company and concluded that it is negligible.