

**Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 30 September 2019
for
Cartwright King Limited**

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for the Year Ended 30 September 2019**

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Cartwright King Limited
Company Information
for the Year Ended 30 September 2019

DIRECTORS: Mr S J Gelsthorpe
Mr M G Thurston

SECRETARY: Mr S J Gelsthorpe

REGISTERED OFFICE: First Floor
Lock House
Wilford Road
Nottingham
NG2 1AG

REGISTERED NUMBER: 10143062 (England and Wales)

AUDITORS: Franklin Underwood, Statutory Auditor
1 Pinnacle Way
Pride Park
Derby
Derbyshire
DE24 8ZS

**Strategic Report
for the Year Ended 30 September 2019**

The directors present their strategic report for the year ended 30 September 2019.

REVIEW OF BUSINESS

Financial performance was much improved from the previous year. Turnover has been reduced this year, however costs have been reduced at a greater rate, providing an increased gross profit margin of 37.0% compared to 32.5% in the previous year. Great energy has been put into improving internal efficiency.

Government sourced public funding is a major source of income for the company and, whilst the rates of pay in some sectors are lower than in other areas of the profession, those contracts provide a reliable source of income which is sufficient for our business models.

PRINCIPAL RISKS AND UNCERTAINTIES

The outlook for 2019/20 remains relatively positive. In 2018 the company renewed and expanded the Legal Aid Agency civil contracts for 5 years, giving a secure opportunity for fresh expansion and the momentum for increasing the income received from outside the public sector.

The trading performance to date in the year to 30th September 2020 had been in line with the directors expectations, until the outbreak of the current COVID-19 pandemic that has gripped the country.

Although the directors are satisfied that there are no specific significant risks to the business outside those normally associated with the very competitive nature of the legal services industry, they do recognise that there are some significant risks and uncertainties in relation to the wider economic market in the UK.

There is some uncertainty within the UK in relation to its exit from the European Union. Although this is a principal risk and there is an element of associated uncertainty, the directors believe that the company is well placed to overcome any negative impact of this, and therefore it is not viewed as a material uncertainty.

The UK, alongside the wider global economy, are currently battling with the COVID-19 pandemic. The various steps taken by the UK government in order to control the spread of the virus has resulted in a significant impact on the company's working arrangements, and the impact this has on the company's trading activity going forward.

This is a principal risk to the business and does give rise to a material uncertainty. The most significant factors causing the uncertainty are the current travel restrictions within the UK, when these will be lifted and when normal trading can recommence fully. However, based on the ability of staff to carry out significant aspects of work from home, and the utilisation of various support schemes implemented by the UK government in order to support businesses, the directors believe this has significantly mitigated the impact the pandemic will have on the company.

Despite this, the UK wide travel restrictions and social distancing measures in place, are having an effect on the business. Significant uncertainty in respect to these measures remains and dependant on the length of time these measures are in place, will depend on the level of impact they have on the company over the longer term.

ON BEHALF OF THE BOARD:

Director

18 June 2020

**Report of the Directors
for the Year Ended 30 September 2019**

The directors present their report with the financial statements of the company for the year ended 30 September 2019.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of a Solicitors firm.

DIVIDENDS

Interim dividends per share were paid during the year as follows:

Ordinary A1 £1	- £8.60
Ordinary A2 £1	- £8.60
Ordinary A3 £1	- £45.11

The total distribution of dividends for the year ended 30 September 2019 will be £ 397,550 .

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 October 2018 to the date of this report.

Mr S J Gelsthorpe

Mr M G Thurston

Other changes in directors holding office are as follows:

Mr R J Hawke - resigned 8 April 2019

DISCLOSURE IN THE STRATEGIC REPORT

Review of the Business

The review of the development and performance of the business of the company during the year and the future outlook of the company is set out in the Strategic Report.

Principal Risks and Uncertainties

The review of the principal risks and uncertainties are set out in the Strategic Report.

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 September 2019**

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 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.

ON BEHALF OF THE BOARD:

Mr M G Thurston - Director

18 June 2020

Report of the Independent Auditors to the Members of Cartwright King Limited

Opinion

We have audited the financial statements of Cartwright King Limited (the 'company') for the year ended 30 September 2019 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 September 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 where:

- 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.

Emphasis of matter

(i) Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in the Strategic Report, note 2 and note 22 to the financial statements, concerning the company's ability to continue to trade as a going concern.

The current COVID-19 pandemic in the UK and around the world, gives rise to a material uncertainty which may cast significant doubt about the company's ability to continue to trade as a going concern. The directors believe that the company is able to mitigate any risk relating to the pandemic, based on swift actions taken by management at the outset of the pandemic, the ability of staff to work from home and the utilisation of various government support schemes available for business, in order to be able to continue to trade as a going concern. The financial statements do not include any adjustments that would result if the company was unable to continue as a going concern.

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 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.

Report of the Independent Auditors to the Members of Cartwright King Limited

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.

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 three, 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.

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.

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.

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.

Gary Underwood (Senior Statutory Auditor)
for and on behalf of Franklin Underwood, Statutory Auditor
1 Pinnacle Way
Pride Park
Derby
Derbyshire
DE24 8ZS

18 June 2020

Cartwright King Limited (Registered number: 10143062)

**Income Statement
for the Year Ended 30 September 2019**

	Notes	2019 £	2018 £
TURNOVER		12,192,203	13,051,660
Cost of sales		<u>7,679,410</u>	<u>8,807,898</u>
GROSS PROFIT		4,512,793	4,243,762
Administrative expenses		<u>4,066,042</u>	<u>3,890,897</u>
OPERATING PROFIT	4	446,751	352,865
Interest receivable and similar income		<u>2,282</u>	<u>3,919</u>
		449,033	356,784
Interest payable and similar expenses	5	<u>208,738</u>	<u>171,669</u>
PROFIT BEFORE TAXATION		240,295	185,115
Tax on profit	6	<u>67,612</u>	<u>50,425</u>
PROFIT FOR THE FINANCIAL YEAR		<u>172,683</u>	<u>134,690</u>

The notes form part of these financial statements

Cartwright King Limited (Registered number: 10143062)

**Other Comprehensive Income
for the Year Ended 30 September 2019**

	Notes	2019 £	2018 £
PROFIT FOR THE YEAR		172,683	134,690
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>172,683</u>	<u>134,690</u>

The notes form part of these financial statements

Cartwright King Limited (Registered number: 10143062)

**Balance Sheet
30 September 2019**

	Notes	2019 £	£	2018 £	£
FIXED ASSETS					
Tangible assets	8		133,734		232,172
Investments	9		<u>-</u>		<u>20,000</u>
			133,734		252,172
CURRENT ASSETS					
Work in progress	10	5,136,848		5,359,676	
Debtors	11	1,771,835		2,073,540	
Cash in hand		<u>2,000</u>		<u>2,300</u>	
		6,910,683		7,435,516	
CREDITORS					
Amounts falling due within one year	12	<u>5,236,472</u>		<u>5,186,480</u>	
NET CURRENT ASSETS			<u>1,674,211</u>		<u>2,249,036</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,807,945		2,501,208
CREDITORS					
Amounts falling due after more than one year	13		<u>1,358,256</u>		<u>1,826,652</u>
NET ASSETS			<u>449,689</u>		<u>674,556</u>
CAPITAL AND RESERVES					
Called up share capital	17		25,000		25,000
Retained earnings	18		<u>424,689</u>		<u>649,556</u>
SHAREHOLDERS' FUNDS			<u>449,689</u>		<u>674,556</u>

The financial statements were approved by the Board of Directors and authorised for issue on 18 June 2020 and were signed on its behalf by:

Mr S J Gelsthorpe - Director

Mr M G Thurston - Director

The notes form part of these financial statements

**Statement of Changes in Equity
for the Year Ended 30 September 2019**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 October 2017	25,000	952,566	977,566
Changes in equity			
Dividends	-	(437,700)	(437,700)
Total comprehensive income	-	134,690	134,690
Balance at 30 September 2018	<u>25,000</u>	<u>649,556</u>	<u>674,556</u>
Changes in equity			
Dividends	-	(397,550)	(397,550)
Total comprehensive income	-	172,683	172,683
Balance at 30 September 2019	<u>25,000</u>	<u>424,689</u>	<u>449,689</u>

Cartwright King Limited (Registered number: 10143062)

**Cash Flow Statement
for the Year Ended 30 September 2019**

	Notes	2019 £	2018 £
Cash flows from operating activities			
Cash generated from operations	1	1,553,450	692,620
Interest paid		(208,738)	(170,663)
Interest element of finance lease payments paid		-	(1,006)
Tax paid		(63,255)	(52,998)
Net cash from operating activities		<u>1,281,457</u>	<u>467,953</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(28,521)	(33,480)
Interest received		<u>2,282</u>	<u>3,919</u>
Net cash from investing activities		<u>(26,239)</u>	<u>(29,561)</u>
Cash flows from financing activities			
New loans in year		-	500,000
Loan repayments in year		(884,310)	(745,642)
Capital repayments in year		(14,712)	-
Amount introduced by directors		145,941	-
Amount withdrawn by directors		(25,807)	(48,442)
Equity dividends paid		<u>(397,550)</u>	<u>(437,700)</u>
Net cash from financing activities		<u>(1,176,438)</u>	<u>(731,784)</u>
Increase/(decrease) in cash and cash equivalents		<u>78,780</u>	<u>(293,392)</u>
Cash and cash equivalents at beginning of year	2	(2,127,858)	(1,834,466)
Cash and cash equivalents at end of year	2	<u>(2,049,078)</u>	<u>(2,127,858)</u>

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 30 September 2019

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

	2019	2018
	£	£
Profit before taxation	240,295	185,115
Depreciation charges	126,959	166,370
Fixed asset investment impairment	20,000	-
Finance costs	208,738	171,669
Finance income	(2,282)	(3,919)
	<u>593,710</u>	<u>519,235</u>
Decrease in work in progress	222,828	567,014
Decrease in trade and other debtors	166,820	221,653
Increase/(decrease) in trade and other creditors	<u>570,092</u>	<u>(615,282)</u>
Cash generated from operations	<u>1,553,450</u>	<u>692,620</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 September 2019

	30.9.19	1.10.18
	£	£
Cash and cash equivalents	2,000	2,300
Bank overdrafts	<u>(2,051,078)</u>	<u>(2,130,158)</u>
	<u>(2,049,078)</u>	<u>(2,127,858)</u>

Year ended 30 September 2018

	30.9.18	1.10.17
	£	£
Cash and cash equivalents	2,300	2,300
Bank overdrafts	<u>(2,130,158)</u>	<u>(1,836,766)</u>
	<u>(2,127,858)</u>	<u>(1,834,466)</u>

**Notes to the Financial Statements
for the Year Ended 30 September 2019**

1. STATUTORY INFORMATION

Cartwright King 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 as modified by the use of fair values for certain financial instruments in accordance with the accounting policies set out below.

Going concern and material uncertainties

The financial statements have been prepared on the going concern basis as the directors believe the group to be a going concern, based on swift actions taken by management at the outset of the pandemic, the ability of staff to work from home and the utilisation of various government support schemes available for business. However the COVID-19 pandemic does give rise to a material uncertainty which may cast significant doubt over the company's ability to trade as a going concern.

Further information has been provided within the Strategic Report and Post Balance Sheet Event note 22.

Preparation of consolidated financial statements

The financial statements contain information about Cartwright King Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken the option under Section 402 of the Companies Act 2006 not to prepare consolidated financial statements on the grounds that the subsidiary undertakings are not material for the purpose of giving a true and fair view.

Related party exemption

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.

Significant judgements and estimates

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is reversed if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements

No significant judgements have been made by management in preparing these financial statements.

Key sources of estimation uncertainty

No key sources of uncertainty have been identified by management in preparing these financial statements other than those detailed in these accounting policies.

Revenue recognition

Fees receivable represent the fair value of services provided during the year on client assignments. Fair value reflects the amount expected to be recoverable from clients based on time spent, skills provided and expenses incurred, and excludes VAT. Fee income is recognised as contract activity progresses and the right to consideration is secured, except where the final outcome cannot be assessed with reasonable certainty.

Fee income in respect of contingent fee assignments is recognised in the period when the contingent event occurs and collectability of the fee is assured.

Unbilled fee income on individual assignments is included as work in progress.

**Notes to the Financial Statements - continued
for the Year Ended 30 September 2019**

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

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

Office equipment - 25% on cost

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost less impairment.

Work in progress

Work in progress is valued in accordance with FRS5 and the guidance issued in UITF 40. Hence all unbilled/incomplete time has been valued at fair value and reflects the time spent and the skills and expertise that have been provided.

Financial instruments

The company enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other debtors and creditors, loans from and to related parties and bank loans.

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

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.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Notes to the Financial Statements - continued
for the Year Ended 30 September 2019

2. ACCOUNTING POLICIES - continued

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due for goods sold or services rendered in the ordinary course of business.

Trade debtors are recognised at the transaction price. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtor.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade creditors are recognised at the transaction price.

Trade creditors are classified as current liabilities of the company. The company does not have an unconditional right, at the end of the reporting date, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

3. EMPLOYEES AND DIRECTORS

	2019	2018
	£	£
Wages and salaries	6,879,857	7,823,549
Social security costs	657,314	824,067
Other pension costs	205,791	233,720
	<u>7,742,962</u>	<u>8,881,336</u>

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

	2019	2018
Fee earning and administration	<u>186</u>	<u>209</u>
	2019	2018
	£	£
Directors' remuneration	24,500	25,500
Directors' pension contributions to money purchase schemes	-	45,000
Compensation to director for loss of office	<u>37,042</u>	<u>-</u>

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

	2019	2018
Money purchase schemes	<u>2</u>	<u>3</u>

Notes to the Financial Statements - continued
for the Year Ended 30 September 2019

4. OPERATING PROFIT

The operating profit is stated after charging:

	2019	2018
	£	£
Hire of plant and machinery	23,807	24,355
Depreciation - owned assets	114,699	154,110
Depreciation - assets on finance leases	12,260	12,260
Auditors' remuneration	<u>12,000</u>	<u>12,000</u>

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018
	£	£
Bank interest	198,538	170,663
Interest on overdue taxation	10,200	-
Leasing	-	1,006
	<u>208,738</u>	<u>171,669</u>

6. TAXATION

Analysis of the tax charge

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

	2019	2018
	£	£
Current tax:		
UK corporation tax	77,223	53,644
Deferred tax	<u>(9,611)</u>	<u>(3,219)</u>
Tax on profit	<u>67,612</u>	<u>50,425</u>

Reconciliation of total tax charge included in profit and loss

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

	2019	2018
	£	£
Profit before tax	<u>240,295</u>	<u>185,115</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	45,656	35,172
Effects of:		
Expenses not deductible for tax purposes	23,800	6,562
Depreciation in excess of capital allowances	7,767	11,910
Deferred tax movement	<u>(9,611)</u>	<u>(3,219)</u>
Total tax charge	<u>67,612</u>	<u>50,425</u>

Notes to the Financial Statements - continued
for the Year Ended 30 September 2019

7. **DIVIDENDS**

	2019 £	2018 £
Ordinary A1 shares of £1 each Interim	86,000	154,000
Ordinary A2 shares of £1 each Interim	86,000	154,000
Ordinary A3 shares of £1 each Interim	<u>225,550</u>	<u>129,700</u>
	<u>397,550</u>	<u>437,700</u>

8. **TANGIBLE FIXED ASSETS**

	Office equipment £
COST	
At 1 October 2018	582,822
Additions	<u>28,521</u>
At 30 September 2019	<u>611,343</u>
DEPRECIATION	
At 1 October 2018	350,650
Charge for year	<u>126,959</u>
At 30 September 2019	<u>477,609</u>
NET BOOK VALUE	
At 30 September 2019	<u>133,734</u>
At 30 September 2018	<u>232,172</u>

Fixed assets, included in the above, which are held under finance leases are as follows:

	Office equipment £
COST	
At 1 October 2018 and 30 September 2019	<u>47,096</u>
DEPRECIATION	
At 1 October 2018	24,520
Charge for year	<u>12,260</u>
At 30 September 2019	<u>36,780</u>
NET BOOK VALUE	
At 30 September 2019	<u>10,316</u>
At 30 September 2018	<u>22,576</u>

Notes to the Financial Statements - continued
for the Year Ended 30 September 2019

9. **FIXED ASSET INVESTMENTS**

	Shares in group undertakings £
COST	
At 1 October 2018	20,000
Impairments	(20,000)
At 30 September 2019	-
NET BOOK VALUE	
At 30 September 2019	-
At 30 September 2018	20,000

The company's investments at the Balance Sheet date in the share capital of companies include the following:

S J Gelsthorpe Limited

Registered office: C/o Cartwright King Solicitors, Lock House, Wilford Road, Nottingham, NG2 1AG

Nature of business: Dormant

	% holding	2019 £	2018 £
Class of shares:			
Ordinary	100.00		
Aggregate capital and reserves		(11,873)	(11,933)
Profit/(loss) for the year		53	(221)

M G Thurston Limited

Registered office: C/o Cartwright King Solicitors, Lock House, Wilford Road, Nottingham, NG2 1AG

Nature of business: Dormant

	% holding	2019 £	2018 £
Class of shares:			
Ordinary	100.00		
Aggregate capital and reserves		(2,078)	(2,096)
Profit/(loss) for the year		18	(221)

10. **WORK IN PROGRESS**

	2019 £	2018 £
Work-in-progress	5,136,848	5,359,676

Costs of work in progress recognised as an expense in the year amounted to £7,475,629 (2018: £7,798,049)

Notes to the Financial Statements - continued
for the Year Ended 30 September 2019

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

	2019	2018
	£	£
Trade debtors	1,133,587	1,351,632
Directors' loan accounts	1,445	145,941
Deferred tax	25,289	15,678
Prepayments and accrued income	611,514	560,289
	<u>1,771,835</u>	<u>2,073,540</u>

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

	2019	2018
	£	£
Bank loans and overdrafts (see note 14)	2,634,341	3,256,124
Other loans (see note 14)	49,785	37,808
Finance leases (see note 15)	3,082	15,203
Trade creditors	1,058,223	939,941
Amounts owed to group undertakings	130,000	130,000
Tax	77,223	53,644
Social security and other taxes	423,407	197,398
VAT	579,955	335,724
Other creditors	96,550	76,104
Directors' loan accounts	31,009	55,371
Accruals and deferred income	152,897	89,163
	<u>5,236,472</u>	<u>5,186,480</u>

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

	2019	2018
	£	£
Bank loans (see note 14)	972,199	1,313,806
Finance leases (see note 15)	-	2,591
Amounts owed to group undertakings	386,057	510,255
	<u>1,358,256</u>	<u>1,826,652</u>

14. **LOANS**

An analysis of the maturity of loans is given below:

	2019	2018
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	2,051,078	2,130,158
Bank loans	583,263	1,125,966
Other loans	49,785	37,808
	<u>2,684,126</u>	<u>3,293,932</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>298,886</u>	<u>348,304</u>

Notes to the Financial Statements - continued
for the Year Ended 30 September 2019

14. **LOANS - continued**

	2019 £	2018 £
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>673,313</u>	<u>931,484</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans more 5 yr by instal	<u>-</u>	<u>34,018</u>

15. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	Finance leases	
	2019 £	2018 £
Net obligations repayable:		
Within one year	3,082	15,203
Between one and five years	<u>-</u>	<u>2,591</u>
	<u>3,082</u>	<u>17,794</u>
	Non-cancellable operating leases	
	2019 £	2018 £
Within one year	268,247	199,986
Between one and five years	832,661	683,481
In more than five years	<u>180,675</u>	<u>178,043</u>
	<u>1,281,583</u>	<u>1,061,510</u>

The amount of operating lease payments charged as an expense during the accounting period amounts to £809,236 (2018: £819,400).

16. **SECURED DEBTS**

The following secured debts are included within creditors:

	2019 £	2018 £
Bank overdrafts	2,051,078	2,130,158
Bank loans	1,555,462	2,439,772
Finance leases	<u>3,082</u>	<u>17,794</u>
	<u>3,609,622</u>	<u>4,587,724</u>

Bank loans and overdraft are secured by way of a fixed and floating charge over the company's assets, as well as personal guarantees provided by S J Gelsthorpe and M G Thurston to the extent of £1.6 million.

**Notes to the Financial Statements - continued
for the Year Ended 30 September 2019**

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019 £	2018 £
10,000	Ordinary A1	£1	10,000	10,000
10,000	Ordinary A2	£1	10,000	10,000
5,000	Ordinary A3	£1	<u>5,000</u>	<u>5,000</u>
			<u>25,000</u>	<u>25,000</u>

The above shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

18. RESERVES

	Retained earnings £
At 1 October 2018	649,556
Profit for the year	172,683
Dividends	<u>(397,550)</u>
At 30 September 2019	<u>424,689</u>

19. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represent the contributions payable to the scheme in respect of the accounting period and amounts to £205,791 (2018: £233,720). At the year end there were contributions payable amounting to £61,867 (2018: £32,214).

20. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to directors subsisted during the years ended 30 September 2019 and 30 September 2018:

	2019 £	2018 £
Mr M G Thurston		
Balance outstanding at start of year	-	-
Amounts advanced	1,445	-
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>1,445</u>	<u>-</u>
Mr R J Hawke		
Balance outstanding at start of year	145,941	129,629
Amounts advanced	97,649	146,012
Amounts repaid	(243,590)	(129,700)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>-</u>	<u>145,941</u>

Notes to the Financial Statements - continued
for the Year Ended 30 September 2019

20. **DIRECTORS' ADVANCES, CREDITS AND GUARANTEES - continued**

Interest was charged on directors' advances at HM Revenue & Customs' official rate of 2.5% per annum.

The directors overdrawn loan account was cleared within nine months of the year end.

21. **RELATED PARTY DISCLOSURES**

The balance outstanding on interest free loans provided from companies controlled by a common director / member of key management, amounted to £37,808 (2018: £37,808). During the year the entity ceased to be a related party, at that date the balance remained unpaid.

Key management personnel of the entity (in the aggregate)

	2019	2018
	£	£
Salaries	24,500	25,500
Social security contributions	2,010	2,938
Termination compensation	<u>37,042</u>	<u>-</u>

22. **POST BALANCE SHEET EVENTS**

COVID-19

Following the accounting period to which these financial statements relate, the outbreak of COVID-19 around the world has caused significant impact to the global economy.

The directors believe that any financial effect on the company cannot be reasonably and reliably measured and do not believe it to be appropriate to adjust the financial statements in respect to this event.

The financial statements have been prepared on the going concern basis as the directors believe the company to be a going concern, based on swift actions taken by management at the outset of the pandemic, the ability of staff to work from home and the utilisation of various government support schemes available for business. However the COVID-19 pandemic does give rise to a material uncertainty which may cast significant doubt over the companies ability to trade as a going concern.

Further information has been provided within the Strategic Report and Accounting Policies note 2.

Bank re-financing

Following the accounting period to which these financial statements relate, Cartwright King Limited completed a financing exercise which included, the transfer of the main banking facilities of the company, and the re-financing of the bank overdraft and loan.

By carrying out this re-financing exercise the bank overdraft and loans have been restructured so that a larger element of the overall debt will now be classified as a bank loan and so a non-current liability as opposed to a current liability.

Although this reclassification will result in a materially different apportionment between current and non-current liabilities, as this occurred after the year end the directors do not believe it is appropriate to adjust the financial statements in respect to this event.

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