

GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020
FOR
GWS HOLDINGS LIMITED

	Page
Company Information	1
Group Strategic Report	2
Report of the Directors	4
Report of the Independent Auditors	6
Consolidated Income Statement	9
Consolidated Other Comprehensive Income	10
Consolidated Balance Sheet	11
Company Balance Sheet	13
Consolidated Statement of Changes in Equity	15
Company Statement of Changes in Equity	16
Consolidated Cash Flow Statement	17
Notes to the Consolidated Cash Flow Statement	18
Notes to the Consolidated Financial Statements	20

GWS HOLDINGS LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 MAY 2020

DIRECTORS:

Mr F J Barron
Mrs K Barron

REGISTERED OFFICE:

Thistle Road
Littleburn Industrial Estate
Langley Moor
Co. Durham
DH7 8HJ

REGISTERED NUMBER:

10439527 (England and Wales)

AUDITORS:

Momentum Taxation and
Accountancy Limited - Statutory Auditor
Harelands Courtyard Offices
Moor Road
Melsonby
Richmond
North Yorkshire
DL10 5NY

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MAY 2020

The directors present their strategic report of the company and the group for the year ended 31 May 2020.

REVIEW OF BUSINESS

After years of continued growth and investment, the last financial year continued in the same trend and saw turnover increase again by 17%.

Although turnover has increased this has been a tough year with the uncertainty of Brexit and the start of Covid-19 restrictions in March 2020 having an effect on margins especially towards the end of the financial year the gross profit decreased slightly by 0.4% from 16.7% in 2019 to 16.3% in 2020.

During the next financial year even with Covid-19 restrictions further investment in senior management, staff and upgrading machinery has taken place which will again drive costs upwards. This investment has driven turnover up in line with previous years and helped improve margins. We appreciate that the construction industry market place remains and will remain highly competitive but are confident that from our investment in the business we have the skills and attributes to deliver another successful year.

The company is always looking at ways to increase turnover and profitability and with the investment undertaken over the last three years in new equipment and staff they are well positioned to take advantage of any opportunities that may arise.

PRINCIPAL RISKS AND UNCERTAINTIES

The turnover for 2021 will increase again however the market is continually very challenging and competitive with the uncertainty of Covid-19 still being in the background. This exposes the company to financial risk primarily through cash flow caused by bad or delayed payments by our clients.

Although Brexit has not had a significant impact on the company, having engaged with suppliers there is potential for supplies being difficult to come by and in some areas significant price increases that could potentially have an effect on our margins in the future. This matter will continue to be reviewed and we are as prepared as possible for any circumstances that may arise.

Any significant increase in interest rates, fuel duty or taxes may have a detrimental effect on future figures as margins could be reduced.

KEY PERFORMANCE INDICATORS

The key performance indicators used by the directors to gain an understanding of the development and performance of the company include monthly management accounts, monthly contract reviews, monthly management meetings including individual site performance. These meetings review Client Satisfaction, Construction Costs, Defects, Variations, Profitability, Health and Safety and Employment.

2020 2019

Turnover 23,839,964 20,263,144

Gross Profit 3,898,175 3,379,099

Operating Profit 1,241,267 973,631

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MAY 2020

COVID-19

The global Covid-19 pandemic that arose in late March 2020 caused minimal impact to the operations of our business during the financial year. Turnover and operating profit was impacted during April as some main contractors shut down sites for a period of up to three weeks. The strong cash position of the company helped sustain the business through this period.

The company also secured a three month payment holiday from its external finance providers.

FUTURE PLANS

The board and senior management are always looking at potential opportunities to expand the business and diversify into other areas of the construction industry to open up further income streams.

There is no doubt that the last 12 months have been difficult with the impact of Brexit and Covid-19 but the company has made a better than expected start to the 2021 financial year with an anticipated growth in turnover although profitability may be lower than 31 May 2020 as a result of post Brexit and the pandemic.

ON BEHALF OF THE BOARD:

Mrs K Barron - Director

13 May 2021

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MAY 2020

The directors present their report with the financial statements of the company and the group for the year ended 31 May 2020.

DIVIDENDS

The total distribution of dividends for the year ended 31 May 2020 will be £ 108,800 .

DIRECTORS

The directors shown below have held office during the whole of the period from 1 June 2019 to the date of this report.

Mr F J Barron

Mrs K Barron

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group 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 the group and of the profit or loss of the group 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 group'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 group's auditors are aware of that information.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MAY 2020

AUDITORS

The auditors, Momentum Taxation and, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

Mrs K Barron - Director

13 May 2021

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
GWS HOLDINGS LIMITED

Opinion

We have audited the financial statements of GWS Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 May 2020 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated 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 group's and of the parent company affairs as at 31 May 2020 and of the group's 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 group 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 group'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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
GWS HOLDINGS LIMITED

Other information

The directors are responsible for the other information. The other information comprises the information in the Group 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.

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 Group 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 Group 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
GWS HOLDINGS 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.

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.

Peter Cartwright (Senior Statutory Auditor)
for and on behalf of Momentum Taxation and
Accountancy Limited - Statutory Auditor
Harelands Courtyard Offices
Moor Road
Melsonby
Richmond
North Yorkshire
DL10 5NY

17 May 2021

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MAY 2020**

		Year Ended 31/5/20 £	Period 1/11/18 to 31/5/19 £
	Notes		
TURNOVER		23,839,964	20,263,144
Cost of sales		<u>19,941,789</u>	<u>16,884,045</u>
GROSS PROFIT		3,898,175	3,379,099
Administrative expenses		<u>2,822,421</u>	<u>2,453,684</u>
		1,075,754	925,415
Other operating income		<u>76,451</u>	<u>45,715</u>
OPERATING PROFIT	4	<u>1,152,205</u>	<u>971,130</u>
Interest receivable and similar income		<u>36</u>	<u>-</u>
		1,152,241	971,130
Interest payable and similar expenses	5	<u>113,716</u>	<u>136,678</u>
PROFIT BEFORE TAXATION		1,038,525	834,452
Tax on profit	6	<u>(194,548)</u>	<u>157,313</u>
PROFIT FOR THE FINANCIAL YEAR		<u>1,233,073</u>	<u>677,139</u>
Profit attributable to:			
Owners of the parent		<u>1,233,073</u>	<u>677,139</u>

The notes form part of these financial statements

CONSOLIDATED OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2020

	Notes	Year Ended 31/5/20 £	Period 1/11/18 to 31/5/19 £
PROFIT FOR THE YEAR		1,233,073	677,139
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,233,073</u>	<u>677,139</u>
Total comprehensive income attributable to: Owners of the parent		<u>1,233,073</u>	<u>677,139</u>

The notes form part of these financial statements

CONSOLIDATED BALANCE SHEET
31 MAY 2020

	Notes	2020 £	£	2019 £	£
FIXED ASSETS					
Tangible assets	9		5,399,184		4,677,218
Investments	10		-		-
			<u>5,399,184</u>		<u>4,677,218</u>
CURRENT ASSETS					
Stocks	11	41,936		39,048	
Debtors	12	4,448,965		4,166,790	
Cash at bank		<u>436,262</u>		<u>382,536</u>	
		4,927,163		4,588,374	
CREDITORS					
Amounts falling due within one year	13	<u>4,625,136</u>		<u>4,954,491</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>302,027</u>		<u>(366,117)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			5,701,211		4,311,101
CREDITORS					
Amounts falling due after more than one year	14		(1,628,166)		(1,509,450)
PROVISIONS FOR LIABILITIES	17		<u>(447,436)</u>		<u>(300,315)</u>
NET ASSETS			<u>3,625,609</u>		<u>2,501,336</u>

The notes form part of these financial statements

CONSOLIDATED BALANCE SHEET - continued
31 MAY 2020

		2020		2019	
	Notes	£	£	£	£
CAPITAL AND RESERVES					
Called up share capital	18		100		100
Retained earnings	19		<u>3,625,509</u>		<u>2,501,236</u>
SHAREHOLDERS' FUNDS			<u><u>3,625,609</u></u>		<u><u>2,501,336</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 13 May 2021 and were signed on its behalf by:

Mrs K Barron - Director

COMPANY BALANCE SHEET
31 MAY 2020

	Notes	2020 £	£	2019 £	£
FIXED ASSETS					
Tangible assets	9		487,665		-
Investments	10		<u>100</u>		<u>100</u>
			487,765		100
CURRENT ASSETS					
Debtors	12	322,722		297,422	
Cash at bank		<u>250,556</u>		<u>2,558</u>	
		573,278		299,980	
CREDITORS					
Amounts falling due within one year	13	<u>17,241</u>		<u>2,800</u>	
NET CURRENT ASSETS			<u>556,037</u>		<u>297,180</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,043,802		297,280
CREDITORS					
Amounts falling due after more than one year	14		<u>349,383</u>		<u>135,000</u>
NET ASSETS			<u>694,419</u>		<u>162,280</u>

The notes form part of these financial statements

COMPANY BALANCE SHEET - continued
31 MAY 2020

	Notes	2020 £	£	2019 £	£
CAPITAL AND RESERVES					
Called up share capital	18		100		100
Retained earnings	19		<u>694,319</u>		<u>162,180</u>
SHAREHOLDERS' FUNDS			<u>694,419</u>		<u>162,280</u>
Company's profit for the financial year			<u>640,939</u>		<u>342,500</u>

The financial statements were approved by the Board of Directors and authorised for issue on 13 May 2021 and were signed on its behalf by:

Mr F J Barron - Director

Mrs K Barron - Director

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2020

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 November 2018	200	2,004,097	2,004,297
Changes in equity			
Issue of share capital	(100)	-	(100)
Dividends	-	(180,000)	(180,000)
Total comprehensive income	-	677,139	677,139
Balance at 31 May 2019	100	2,501,236	2,501,336
Changes in equity			
Dividends	-	(108,800)	(108,800)
Total comprehensive income	-	1,233,073	1,233,073
Balance at 31 May 2020	100	3,625,509	3,625,609

The notes form part of these financial statements

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2020

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 November 2018	100	(320)	(220)
Changes in equity			
Dividends	-	(180,000)	(180,000)
Total comprehensive income	-	342,500	342,500
Balance at 31 May 2019	<u>100</u>	<u>162,180</u>	<u>162,280</u>
Changes in equity			
Dividends	-	(108,800)	(108,800)
Total comprehensive income	-	640,939	640,939
Balance at 31 May 2020	<u>100</u>	<u>694,319</u>	<u>694,419</u>

The notes form part of these financial statements

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MAY 2020

		Year Ended 31/5/20 £	Period 1/11/18 to 31/5/19 £
	Notes		
Cash flows from operating activities			
Cash generated from operations	1	1,825,665	1,671,510
Interest paid		(16,363)	(45,268)
Interest element of hire purchase payments paid		(97,353)	(91,410)
Tax paid		(18,056)	(79,599)
Net cash from operating activities		<u>1,693,893</u>	<u>1,455,233</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(2,352,389)	(1,657,355)
Sale of tangible fixed assets		864,225	191,149
Interest received		36	-
Net cash from investing activities		<u>(1,488,128)</u>	<u>(1,466,206)</u>
Cash flows from financing activities			
New loans in year		50,000	-
Loan repayments in year		(9,005)	(6,386)
Related party transactions		-	(3,000)
Capital repayments in year		(54,459)	(408,346)
Amount introduced by directors		11,210	285,693
Amount withdrawn by directors		(40,985)	(214,162)
Equity dividends paid		(108,800)	(180,000)
Net cash from financing activities		<u>(152,039)</u>	<u>(526,201)</u>
Increase/(decrease) in cash and cash equivalents		<u>53,726</u>	<u>(537,174)</u>
Cash and cash equivalents at beginning of year	2	382,536	919,710
Cash and cash equivalents at end of year	2	<u>436,262</u>	<u>382,536</u>

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MAY 2020

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

	Year Ended 31/5/20 £	Period 1/11/18 to 31/5/19 £
Profit before taxation	1,038,525	834,452
Depreciation charges	865,130	855,725
(Profit)/loss on disposal of fixed assets	(98,930)	6,178
Amounts recoverable on contract	(268,893)	(638,847)
Finance costs	113,716	136,678
Finance income	(36)	-
	<u>1,649,512</u>	<u>1,194,186</u>
Increase in stocks	(2,888)	(11,390)
(Increase)/decrease in trade and other debtors	(13,284)	521,701
Increase/(decrease) in trade and other creditors	<u>192,325</u>	<u>(32,987)</u>
Cash generated from operations	<u>1,825,665</u>	<u>1,671,510</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 31 May 2020

	31/5/20 £	1/6/19 £
Cash and cash equivalents	<u>436,262</u>	<u>382,536</u>

Period ended 31 May 2019

	31/5/19 £	1/11/18 £
Cash and cash equivalents	<u>382,536</u>	<u>919,710</u>

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MAY 2020

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1/6/19 £	Cash flow £	At 31/5/20 £
Net cash			
Cash at bank	382,536	53,726	436,262
	<u>382,536</u>	<u>53,726</u>	<u>436,262</u>
Debt			
Finance leases	(3,077,705)	54,459	(3,023,246)
Debts falling due within 1 year	(9,005)	(40,995)	(50,000)
	<u>(3,086,710)</u>	<u>13,464</u>	<u>(3,073,246)</u>
Total	<u>(2,704,174)</u>	<u>67,190</u>	<u>(2,636,984)</u>

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020

1. STATUTORY INFORMATION

GWS Holdings 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 General 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.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

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.

Plant and machinery	- 15% on reducing balance
Fixtures and fittings	- 15% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 33% on reducing balance

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2020

2. ACCOUNTING POLICIES - continued

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

3. EMPLOYEES AND DIRECTORS

	Year Ended 31/5/20 £	Period 1/11/18 to 31/5/19 £
Wages and salaries	4,465,489	3,704,188
Social security costs	381,059	364,878
Other pension costs	88,992	66,318
	<u>4,935,540</u>	<u>4,135,384</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2020

3. EMPLOYEES AND DIRECTORS - continued

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

	Year Ended 31/5/20	Period 1/11/18 to 31/5/19
Group employees	<u>132</u>	<u>115</u>

The average number of employees by undertakings that were proportionately consolidated during the year was 132 (2019 - 115) .

	Year Ended 31/5/20 £	Period 1/11/18 to 31/5/19 £
Directors' remuneration	<u>54,833</u>	<u>37,264</u>

4. OPERATING PROFIT

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

	Year Ended 31/5/20 £	Period 1/11/18 to 31/5/19 £
Hire of plant and machinery	12,040	-
Depreciation - owned assets	170,722	114,775
Depreciation - assets on hire purchase contracts	694,406	740,949
(Profit)/loss on disposal of fixed assets	(98,930)	6,178
Auditors' remuneration	<u>7,750</u>	<u>9,500</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2020

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	Year Ended 31/5/20 £	Period 1/11/18 to 31/5/19 £
Bank interest	-	130
Bank loan interest	16,363	45,138
Hire purchase	96,013	91,410
Leasing	1,340	-
	<u>113,716</u>	<u>136,678</u>

6. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the profit for the year was as follows:

	Year Ended 31/5/20 £	Period 1/11/18 to 31/5/19 £
Current tax:		
UK corporation tax	(341,669)	100,419
Deferred tax	147,121	56,894
Tax on profit	<u>(194,548)</u>	<u>157,313</u>

7. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

8. DIVIDENDS

	Year Ended 31/5/20 £	Period 1/11/18 to 31/5/19 £
Interim	<u>108,800</u>	<u>180,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2020

9. TANGIBLE FIXED ASSETS

Group

	Improvements to property £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 June 2019	130,190	6,509,038	27,877
Additions	-	2,201,540	3,750
Disposals	-	(1,618,615)	-
At 31 May 2020	130,190	7,091,963	31,627
DEPRECIATION			
At 1 June 2019	10,415	2,561,185	17,303
Charge for year	2,604	716,269	1,586
Eliminated on disposal	-	(862,093)	-
At 31 May 2020	13,019	2,415,361	18,889
NET BOOK VALUE			
At 31 May 2020	117,171	4,676,602	12,738
At 31 May 2019	119,775	3,947,853	10,574

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2020

9. **TANGIBLE FIXED ASSETS - continued**

Group

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 June 2019	1,137,337	33,064	7,837,506
Additions	123,655	23,444	2,352,389
Disposals	(21,417)	-	(1,640,032)
At 31 May 2020	<u>1,239,575</u>	<u>56,508</u>	<u>8,549,863</u>
DEPRECIATION			
At 1 June 2019	542,943	28,442	3,160,288
Charge for year	137,684	6,985	865,128
Eliminated on disposal	(12,644)	-	(874,737)
At 31 May 2020	<u>667,983</u>	<u>35,427</u>	<u>3,150,679</u>
NET BOOK VALUE			
At 31 May 2020	<u>571,592</u>	<u>21,081</u>	<u>5,399,184</u>
At 31 May 2019	<u>594,394</u>	<u>4,622</u>	<u>4,677,218</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2020

9. TANGIBLE FIXED ASSETS - continued

Group

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 June 2019	5,353,539	773,572	6,127,111
Additions	1,515,460	81,780	1,597,240
Disposals	(962,640)	-	(962,640)
At 31 May 2020	<u>5,906,359</u>	<u>855,352</u>	<u>6,761,711</u>
DEPRECIATION			
At 1 June 2019	1,719,398	341,060	2,060,458
Charge for year	595,263	99,143	694,406
Eliminated on disposal	(421,417)	-	(421,417)
At 31 May 2020	<u>1,893,244</u>	<u>440,203</u>	<u>2,333,447</u>
NET BOOK VALUE			
At 31 May 2020	<u>4,013,115</u>	<u>415,149</u>	<u>4,428,264</u>
At 31 May 2019	<u>3,634,141</u>	<u>432,512</u>	<u>4,066,653</u>

Company

	Plant and machinery £
COST	
Additions	<u>573,724</u>
At 31 May 2020	<u>573,724</u>
DEPRECIATION	
Charge for year	<u>86,059</u>
At 31 May 2020	<u>86,059</u>
NET BOOK VALUE	
At 31 May 2020	<u>487,665</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2020

10. **FIXED ASSET INVESTMENTS**

Company

Shares in
group
undertakings
£

COST

At 1 June 2019
and 31 May 2020

100

NET BOOK VALUE

At 31 May 2020

100

At 31 May 2019

100

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

Subsidiary

Groundwork Services (Durham) Limited

Registered office: Thistle Road, Littleburn Industrial Estate, Langley Moor, Durham DH7 8HJ

Nature of business: Groundworks

Class of shares:	%
Ordinary	holding 100.00

11. **STOCKS**

Group

	2020	2019
	£	£
Stocks	<u>41,936</u>	<u>39,048</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2020**12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Trade debtors	456,048	484,490	-	-
Amounts recoverable on contract	2,798,249	2,529,358	-	-
Other debtors	1,183,531	1,083,523	322,722	297,422
VAT	-	58,511	-	-
Prepayments	11,137	10,908	-	-
	<u>4,448,965</u>	<u>4,166,790</u>	<u>322,722</u>	<u>297,422</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Bank loans and overdrafts (see note 15)	50,000	-	-	-
Other loans (see note 15)	-	9,005	-	-
Hire purchase contracts (see note 16)	1,395,080	1,568,255	-	-
Trade creditors	2,887,638	2,671,810	3,000	-
Tax	(259,306)	100,419	-	-
Social security and other taxes	97,570	87,451	-	-
VAT	164,600	-	-	-
Other creditors	231	223,348	231	-
Directors' current accounts	-	40,985	-	-
Directors' loan accounts	11,210	-	11,210	-
Accrued expenses	278,113	253,218	2,800	2,800
	<u>4,625,136</u>	<u>4,954,491</u>	<u>17,241</u>	<u>2,800</u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Hire purchase contracts (see note 16)	1,628,166	1,509,450	-	-
Amounts owed to group undertakings	-	-	349,383	135,000
	<u>1,628,166</u>	<u>1,509,450</u>	<u>349,383</u>	<u>135,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2020

15. LOANS

An analysis of the maturity of loans is given below:

		Group	
		2020	2019
		£	£
Amounts falling due within one year or	on demand:		
Bank loans		50,000	-
Other loans		-	9,005
		<u>50,000</u>	<u>9,005</u>

16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

		Hire purchase contracts	
		2020	2019
		£	£
Net obligations repayable:			
Within one year		1,395,080	1,568,255
Between one and five years		1,628,166	1,509,450
		<u>3,023,246</u>	<u>3,077,705</u>

17. PROVISIONS FOR LIABILITIES

		Group	
		2020	2019
		£	£
Deferred tax		<u>447,436</u>	<u>300,315</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2020

17. PROVISIONS FOR LIABILITIES - continued

Group

	Deferred tax £
Balance at 1 June 2019	300,315
Charge to Income Statement during year	<u>147,121</u>
Balance at 31 May 2020	<u>447,436</u>

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020 £	2019 £
100	Ordinary	£1	<u>100</u>	<u>100</u>

19. RESERVES

Group

	Retained earnings £
At 1 June 2019	2,501,236
Profit for the year	1,233,073
Dividends	<u>(108,800)</u>
At 31 May 2020	<u>3,625,509</u>

Company

	Retained earnings £
At 1 June 2019	162,180
Profit for the year	640,939
Dividends	<u>(108,800)</u>
At 31 May 2020	<u>694,319</u>

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.