

GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2021
FOR
GWS HOLDINGS LIMITED

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GWS HOLDINGS LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 MAY 2021

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 2021

The directors present their strategic report of the company and the group for the year ended 31 May 2021.

REVIEW OF BUSINESS

The principal activity of the group is that of civil engineering and bulk earthmoving.

After years of continued growth and investment, the last financial year continued in the same trend and saw turnover increase again by over 20%.

Although turnover has increased this has been a tough year with the continued uncertainty of Brexit and Covid-19 restrictions having a major effect on margins. The subsidiary gross profit decreased by 2% from 16.3% in 2020 to 14.3% in 2021. This decrease is mainly down to higher material and fuel costs. Operating profit also decreased by 19.5% from £1,241K to £999K

The company expects another challenging year with further cost increases including the imminent change from machinery running on red diesel to white diesel.

During the next financial year further investment in senior management, staff and upgrading fleet and machinery will again drive costs upwards. This investment has again driven turnover up in line with previous years and current margins are showing signs of improvement. The construction industry still remains and will remain a highly competitive market but we are confident that our investment in the business will deliver another successful year.

The group is always looking at ways to increase turnover and profitability and with the investment undertaken over the last five years in new equipment and staff they are well

PRINCIPAL RISKS AND UNCERTAINTIES

The process of identifying risks with which the group is faced with is addressed by the directors and senior management team on an ongoing basis through the setting of policies, procedures and adequate controls to mitigate against such. The principle risk at present is the lead time on getting materials to site along with the continuing rise in costs. This can expose the group to financial risk through cash flow if any of our clients delay our payments.

Having engaged with our suppliers there is potential for further delivery delays and significant further price increases that could have an effect on our margins in the future. This matter continues 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.

The group finances its operations through retained profits and bank borrowings and we are not exposed to any foreign exchange fluctuations. Management's objectives in relation to its finances is to manage working capital to meet day to day obligations.

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MAY 2021

KEY PERFORMANCE INDICATORS

In challenging times the business delivered another strong set of results for the year.

The summary below shows how the key measures compare versus prior years. We remain pleased with the performance and progress of the company and is continuing to move in the right direction.

Performance is measured with reference to the following KPI's below :-

2021 2020 2019

Turnover £28.8m £23.8m £20.3m

Turnover % increase 21.0% 17.3% 10.7%

Gross Margin as a % of sales 14.3% 16.3% 16.6%

Profit before tax as a % of sales 3.46% 5.2% 4.1%

Turnover growth has been strong over a number of years and expectation is that it will grow by at least 20% in 2021 to take turnover up to around the £34m mark, assuming there is no further business disruption out of our control.

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 and monthly senior management meetings including individual site performance. These meetings include Construction Cost Review, Defects, Site Variations, Profitability, Client Satisfaction, Health and Safety and Employment.

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 and build a larger customer base.

The last 12 months have undoubtedly been difficult as the impact of Brexit and Covid-19 deepened. The company has made a stronger than expected start to the 2022 financial year end with increased turnover and margins. The increased margins may suffer slightly as there has been significant price increases recently and further increases being notified but are pleased with the current trading position.

ON BEHALF OF THE BOARD:

Mrs K Barron - Director

21 February 2022

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MAY 2021

The directors present their report with the financial statements of the company and the group for the year ended 31 May 2021.

DIVIDENDS

The total distribution of dividends for the year ended 31 May 2021 will be £ 194,000 .

DIRECTORS

The directors shown below have held office during the whole of the period from 1 June 2020 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 2021

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

21 February 2022

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 2021 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 2021 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

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

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

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

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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the entity and determined those with the most significance.

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

21 February 2022

**CONSOLIDATED
INCOME STATEMENT
FOR THE YEAR ENDED 31 MAY 2021**

	Notes	2021 £	2020 £
TURNOVER		29,020,182	23,839,964
Cost of sales		<u>24,667,029</u>	<u>19,941,789</u>
GROSS PROFIT		4,353,153	3,898,175
Administrative expenses		<u>3,357,796</u>	<u>2,822,421</u>
		995,357	1,075,754
Other operating income		<u>83,599</u>	<u>76,451</u>
OPERATING PROFIT	4	1,078,956	1,152,205
Interest receivable and similar income		<u>45</u>	<u>36</u>
		1,079,001	1,152,241
Interest payable and similar expenses	5	<u>98,374</u>	<u>113,716</u>
PROFIT BEFORE TAXATION		980,627	1,038,525
Tax on profit	6	<u>(110,806)</u>	<u>(194,548)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>1,091,433</u>	<u>1,233,073</u>
Profit attributable to:			
Owners of the parent		<u>1,091,433</u>	<u>1,233,073</u>

The notes form part of these financial statements

CONSOLIDATED
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2021

	Notes	2021 £	2020 £
PROFIT FOR THE YEAR		1,091,433	1,233,073
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,091,433</u>	<u>1,233,073</u>
Total comprehensive income attributable to: Owners of the parent		<u>1,091,433</u>	<u>1,233,073</u>

The notes form part of these financial statements

CONSOLIDATED BALANCE SHEET
31 MAY 2021

	Notes	2021 £	£	2020 £	£
FIXED ASSETS					
Tangible assets	9		6,055,804		5,399,184
Investments	10		-		-
			<u>6,055,804</u>		<u>5,399,184</u>
CURRENT ASSETS					
Stocks	11	46,968		41,936	
Debtors	12	6,823,269		4,448,965	
Cash at bank		<u>1,013,463</u>		<u>436,262</u>	
		7,883,700		4,927,163	
CREDITORS					
Amounts falling due within one year	13	<u>7,084,931</u>		<u>4,625,136</u>	
NET CURRENT ASSETS			<u>798,769</u>		<u>302,027</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			6,854,573		5,701,211
CREDITORS					
Amounts falling due after more than one year	14		(1,884,095)		(1,628,166)
PROVISIONS FOR LIABILITIES	17		<u>(447,436)</u>		<u>(447,436)</u>
NET ASSETS			<u>4,523,042</u>		<u>3,625,609</u>
CAPITAL AND RESERVES					
Called up share capital	18		100		100
Retained earnings	19		<u>4,522,942</u>		<u>3,625,509</u>
SHAREHOLDERS' FUNDS			<u>4,523,042</u>		<u>3,625,609</u>

The financial statements were approved by the Board of Directors and authorised for issue on 21 February 2022 and were signed on its behalf by:

Mrs K Barron - Director

COMPANY BALANCE SHEET
31 MAY 2021

	Notes	2021 £	£	2020 £	£
FIXED ASSETS					
Tangible assets	9		866,400		487,665
Investments	10		<u>100</u>		<u>100</u>
			866,500		487,765
CURRENT ASSETS					
Debtors	12	497,173		322,722	
Cash at bank		<u>338,010</u>		<u>250,556</u>	
		835,183		573,278	
CREDITORS					
Amounts falling due within one year	13	<u>20,346</u>		<u>17,241</u>	
NET CURRENT ASSETS			<u>814,837</u>		<u>556,037</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,681,337		1,043,802
CREDITORS					
Amounts falling due after more than one year	14		<u>277,075</u>		<u>349,383</u>
NET ASSETS			<u>1,404,262</u>		<u>694,419</u>

The notes form part of these financial statements

COMPANY BALANCE SHEET - continued

31 MAY 2021

		2021		2020	
	Notes	£	£	£	£
CAPITAL AND RESERVES					
Called up share capital	18		100		100
Retained earnings	19		<u>1,404,162</u>		<u>694,319</u>
SHAREHOLDERS' FUNDS			<u>1,404,262</u>		<u>694,419</u>
Company's profit for the financial year			<u>903,843</u>		<u>640,939</u>

The financial statements were approved by the Board of Directors and authorised for issue on 21 February 2022 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 2021

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 June 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
Changes in equity			
Dividends	-	(194,000)	(194,000)
Total comprehensive income	-	1,091,433	1,091,433
Balance at 31 May 2021	100	4,522,942	4,523,042

The notes form part of these financial statements

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2021

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 June 2019	100	162,180	162,280
Changes in equity			
Dividends	-	(108,800)	(108,800)
Total comprehensive income	-	640,939	640,939
Balance at 31 May 2020	100	694,319	694,419
Changes in equity			
Dividends	-	(194,000)	(194,000)
Total comprehensive income	-	903,843	903,843
Balance at 31 May 2021	100	1,404,162	1,404,262

The notes form part of these financial statements

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MAY 2021

		2021	2020
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	1	1,995,856	1,825,665
Interest paid		-	(16,363)
Interest element of hire purchase payments paid		(98,374)	(97,353)
Tax paid		311,804	(18,056)
Taxation refund		204,026	-
Net cash from operating activities		<u>2,413,312</u>	<u>1,693,893</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(2,288,763)	(2,352,389)
Sale of tangible fixed assets		585,749	864,225
Interest received		45	36
Net cash from investing activities		<u>(1,702,969)</u>	<u>(1,488,128)</u>
Cash flows from financing activities			
New loans in year		-	50,000
Loan repayments in year		-	(9,005)
Capital repayments in year		69,261	(54,459)
Amount introduced by directors		-	11,210
Amount withdrawn by directors		(8,403)	(40,985)
Equity dividends paid		(194,000)	(108,800)
Net cash from financing activities		<u>(133,142)</u>	<u>(152,039)</u>
Increase in cash and cash equivalents		<u>577,201</u>	<u>53,726</u>
Cash and cash equivalents at beginning of year	2	436,262	382,536
Cash and cash equivalents at end of year	2	<u><u>1,013,463</u></u>	<u><u>436,262</u></u>

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MAY 2021

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

	2021	2020
	£	£
Profit before taxation	980,627	1,038,525
Depreciation charges	1,098,206	865,130
Profit on disposal of fixed assets	(51,812)	(98,930)
Amounts recoverable on contract	(665,788)	(268,893)
Government grants	(4,027)	-
Finance costs	98,374	113,716
Finance income	(45)	(36)
	<u>1,455,535</u>	<u>1,649,512</u>
Increase in stocks	(5,032)	(2,888)
Increase in trade and other debtors	(1,708,515)	(13,284)
Increase in trade and other creditors	<u>2,253,868</u>	<u>192,325</u>
Cash generated from operations	<u>1,995,856</u>	<u>1,825,665</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 2021

	31/5/21	1/6/20
	£	£
Cash and cash equivalents	<u>1,013,463</u>	<u>436,262</u>

Year ended 31 May 2020

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

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MAY 2021**

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1/6/20 £	Cash flow £	At 31/5/21 £
Net cash			
Cash at bank	<u>436,262</u>	<u>577,201</u>	<u>1,013,463</u>
	<u>436,262</u>	<u>577,201</u>	<u>1,013,463</u>
Debt			
Finance leases	(3,023,246)	(69,261)	(3,092,507)
Debts falling due within 1 year	(50,000)	21,573	(28,427)
Debts falling due after 1 year	-	(221,573)	(221,573)
	<u>(3,073,246)</u>	<u>(269,261)</u>	<u>(3,342,507)</u>
Total	<u>(2,636,984)</u>	<u>307,940</u>	<u>(2,329,044)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021

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 2021

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

	2021	2020
	£	£
Wages and salaries	5,607,928	4,465,489
Social security costs	477,992	381,059
Other pension costs	116,850	88,992
	<u>6,202,770</u>	<u>4,935,540</u>

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

	2021	2020
Group employees	<u>146</u>	<u>132</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2021

3. EMPLOYEES AND DIRECTORS - continued

The average number of employees by undertakings that were proportionately consolidated during the year was 146 (2020 - 132) .

	2021	2020
	£	£
Directors' remuneration	<u>57,983</u>	<u>54,833</u>

4. OPERATING PROFIT

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

	2021	2020
	£	£
Hire of plant and machinery	30,770	12,040
Depreciation - owned assets	241,215	170,722
Depreciation - assets on hire purchase contracts	856,992	694,406
Profit on disposal of fixed assets	(51,812)	(98,930)
Auditors' remuneration	<u>3,250</u>	<u>7,750</u>

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021	2020
	£	£
Bank loan interest	-	16,363
Hire purchase	98,374	96,013
Leasing	-	1,340
	<u>98,374</u>	<u>113,716</u>

6. TAXATION**Analysis of the tax credit**

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

	2021	2020
	£	£
Current tax:		
UK corporation tax	(110,806)	(341,669)
Deferred tax	-	147,121
Tax on profit	<u>(110,806)</u>	<u>(194,548)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2021

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

	2021	2020
	£	£
Interim	<u>194,000</u>	<u>108,800</u>

9. TANGIBLE FIXED ASSETS

Group

	Improvements to property £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 June 2020	130,190	7,091,963	31,627
Additions	-	1,831,216	-
Disposals	-	(1,009,044)	-
At 31 May 2021	<u>130,190</u>	<u>7,914,135</u>	<u>31,627</u>
DEPRECIATION			
At 1 June 2020	13,019	2,415,361	18,889
Charge for year	2,604	887,688	1,911
Eliminated on disposal	-	(509,006)	-
Transfer to ownership	-	(1)	-
At 31 May 2021	<u>15,623</u>	<u>2,794,042</u>	<u>20,800</u>
NET BOOK VALUE			
At 31 May 2021	<u>114,567</u>	<u>5,120,093</u>	<u>10,827</u>
At 31 May 2020	<u>117,171</u>	<u>4,676,602</u>	<u>12,738</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2021

9. TANGIBLE FIXED ASSETS - continued**Group**

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 June 2020	1,239,575	56,508	8,549,863
Additions	457,547	-	2,288,763
Disposals	(66,209)	-	(1,075,253)
At 31 May 2021	<u>1,630,913</u>	<u>56,508</u>	<u>9,763,373</u>
DEPRECIATION			
At 1 June 2020	667,983	35,427	3,150,679
Charge for year	199,048	6,956	1,098,207
Eliminated on disposal	(32,310)	-	(541,316)
Transfer to ownership	-	-	(1)
At 31 May 2021	<u>834,721</u>	<u>42,383</u>	<u>3,707,569</u>
NET BOOK VALUE			
At 31 May 2021	<u>796,192</u>	<u>14,125</u>	<u>6,055,804</u>
At 31 May 2020	<u>571,592</u>	<u>21,081</u>	<u>5,399,184</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2021

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 2020	5,906,359	855,352	6,761,711
Additions	1,104,234	363,676	1,467,910
Disposals	(690,663)	(66,209)	(756,872)
Transfer to ownership	-	2,852	2,852
At 31 May 2021	<u>6,319,930</u>	<u>1,155,671</u>	<u>7,475,601</u>
DEPRECIATION			
At 1 June 2020	1,893,244	440,203	2,333,447
Charge for year	707,551	149,441	856,992
Eliminated on disposal	(359,435)	(32,310)	(391,745)
Transfer to ownership	69,119	574	69,693
At 31 May 2021	<u>2,310,479</u>	<u>557,908</u>	<u>2,868,387</u>
NET BOOK VALUE			
At 31 May 2021	<u>4,009,451</u>	<u>597,763</u>	<u>4,607,214</u>
At 31 May 2020	<u>4,013,115</u>	<u>415,149</u>	<u>4,428,264</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2021

9. **TANGIBLE FIXED ASSETS - continued**

Company

Plant and
machinery
£

COST

At 1 June 2020	573,724
Additions	575,303
Disposals	(51,381)
At 31 May 2021	<u>1,097,646</u>

DEPRECIATION

At 1 June 2020	86,059
Charge for year	152,894
Eliminated on disposal	(7,707)
At 31 May 2021	<u>231,246</u>

NET BOOK VALUE

At 31 May 2021	<u>866,400</u>
At 31 May 2020	<u>487,665</u>

10. **FIXED ASSET INVESTMENTS**

Company

Shares in
group
undertakings
£

COST

At 1 June 2020 and 31 May 2021	<u>100</u>
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NET BOOK VALUE

At 31 May 2021	<u>100</u>
At 31 May 2020	<u>100</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2021

10. **FIXED ASSET INVESTMENTS - continued**

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:	holding
Ordinary	100.00

11. **STOCKS**

	Group	
	2021	2020
	£	£
Stocks	<u>46,968</u>	<u>41,936</u>

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

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	1,479,805	456,048	-	-
Amounts recoverable on contract	3,464,038	2,798,249	-	-
Other debtors	1,143,170	1,183,531	497,173	322,722
VAT	718,220	-	-	-
Prepayments	18,036	11,137	-	-
	<u>6,823,269</u>	<u>4,448,965</u>	<u>497,173</u>	<u>322,722</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2021

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Bank loans and overdrafts (see note 15)	28,427	50,000	-	-
Hire purchase contracts (see note 16)	1,429,985	1,395,080	-	-
Trade creditors	5,133,249	2,887,638	2	3,000
Tax	(58,308)	(259,306)	8,735	-
Social security and other taxes	154,794	97,570	-	-
VAT	-	164,600	-	-
Other creditors	11,860	231	6,000	231
Directors' loan accounts	2,807	11,210	2,807	11,210
Accrued expenses	382,117	278,113	2,802	2,800
	<u>7,084,931</u>	<u>4,625,136</u>	<u>20,346</u>	<u>17,241</u>

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

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Bank loans (see note 15)	221,573	-	-	-
Hire purchase contracts (see note 16)	1,662,522	1,628,166	-	-
Amounts owed to group undertakings	-	-	277,075	349,383
	<u>1,884,095</u>	<u>1,628,166</u>	<u>277,075</u>	<u>349,383</u>

15. LOANS

An analysis of the maturity of loans is given below:

		Group	
		2021	2020
		£	£
Amounts falling due within one year or on demand:			
Bank loans		<u>28,427</u>	<u>50,000</u>
Amounts falling due between two and five years:			
Bank loans - 2-5 years		<u>221,573</u>	<u>-</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2021

16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Hire purchase contracts	
	2021	2020
	£	£
Net obligations repayable:		
Within one year	1,429,985	1,395,080
Between one and five years	<u>1,662,522</u>	<u>1,628,166</u>
	<u>3,092,507</u>	<u>3,023,246</u>

17. PROVISIONS FOR LIABILITIES

	Group	
	2021	2020
	£	£
Deferred tax	<u>447,436</u>	<u>447,436</u>

Group

	Deferred tax	
	£	
Balance at 1 June 2020	<u>447,436</u>	
Balance at 31 May 2021	<u>447,436</u>	

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2021	2020
			£	£
100	Ordinary	£1	<u>100</u>	<u>100</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2021

19. **RESERVES**

Group

Retained
earnings
£

At 1 June 2020	3,625,509
Profit for the year	1,091,433
Dividends	(194,000)
At 31 May 2021	<u>4,522,942</u>

Company

Retained
earnings
£

At 1 June 2020	694,319
Profit for the year	903,843
Dividends	(194,000)
At 31 May 2021	<u>1,404,162</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.