

Dixons Contractors Ltd

Annual Report and Financial Statements
for the Year Ended 31 March 2018

D T Carson & Co
Chartered Accountants & Registered Auditors
51-53 Thomas Street
Ballymena
Co Antrim
BT43 6AZ

Dixons Contractors Ltd

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Dixons Contractors Ltd

Company Information

Directors	Mr Daniel Dixon Mrs Geraldine Dixon Mr Daniel Dixon Jnr Mrs Julie O'Hagan Mr Declan McKendry
Company secretary	Mrs Geraldine Dixon
Registered office	143 Tullaghans Road Dunloy Ballymena Co Antrim BT44 9EA
Solicitors	McKervill Neilly 1-2 Broadway Avenue Ballymena Co Antrim BT43 7AA
Bankers	Bank of Ireland 1 Donegall Square South Belfast Antrim BT1 5LR
Auditors	D T Carson & Co Chartered Accountants & Registered Auditors 51-53 Thomas Street Ballymena Co Antrim BT43 6AZ

Dixons Contractors Ltd

Strategic Report for the Year Ended 31 March 2018

The directors present their strategic report for the year ended 31 March 2018.

Principal activity

The principal activity of the company is that of a building contractor.

Fair review of the business

The results for the year show a profit/(loss) on ordinary activities before tax of £(480,441) (2017: £74,061) on turnover of £26,209,194 (2017: £26,483,638). The directors are satisfied with the underlying performance of the company, however as a consequence of a write down on one contract resulted in an operating profit/(loss) of £(423,583) (2017: £106,169). It is pleasing to note that the first six months of the current year are showing a positive result. The company will continue to seek every opportunity to increase its profitable turnover.

Dividends totalling £nil were paid during the year (2017: £21,000).

Key performance indicators

The company's key financial and other performance indicators during the year were as follows:

	Unit	2018	2017
Turnover	£	26,209,194	26,483,638
Turnover growth	%	(1)	16
Gross profit margin	%	6	8
Profit/(loss) on ordinary activities before tax	£	(480,441)	74,061
Total equity	£	1,017,554	1,473,424
Employee numbers		88	86

Future developments

Whilst market conditions remain highly competitive, the directors are encouraged by the level of post year end contracts and anticipate a further significant increase in turnover. The company aims to strengthen their presence in sectors they already work in and selectively target new sectors, the company will develop into profitable divisions expanding into other geographical areas.

Principal risks and uncertainties

As recovery in the construction sector continues, the directors are of the opinion performance in the sector is affected by availability of contracts, competitor activity, variable labour costs and specific sectoral factors. The management carry out regular reviews of contracts on a monthly basis.

Approved by the Board on 18 December 2018 and signed on its behalf by:

.....
Mr Daniel Dixon Jnr
Director

Dixons Contractors Ltd

Directors' Report for the Year Ended 31 March 2018

The directors present their report and the financial statements for the year ended 31 March 2018.

Directors of the company

The directors who held office during the year were as follows:

Mr Daniel Dixon

Mrs Geraldine Dixon - Company secretary and director

Mr Daniel Dixon Jnr

Mrs Julie O'Hagan

Mr Declan McKendry

Financial instruments

Price risk, credit risk, liquidity risk and cash flow risk

The business' principal financial instruments comprise bank balances, bank overdrafts, trade debtors, trade creditors, loans to the business and finance lease agreements. The main purpose of these instruments is to finance the business' operations. In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest. All of the business' cash balances are held in such a way that achieves a competitive rate of interest.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Loans comprise loans from the directors and from financial institutions. The interest rate on loans from financial institutions is variable, but the monthly repayments are fixed. The business manages the liquidity risk by ensuring that there are sufficient funds to meet the payments.

The business is a lessee in respect of finance leased assets. The liquidity risk in respect of these is managed by ensuring that there are sufficient funds to meet the payments.

Dixons Contractors Ltd

Directors' Report for the Year Ended 31 March 2018

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for 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.

Dixons Contractors Ltd

Directors' Report for the Year Ended 31 March 2018

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors

The auditors D T Carson & Co are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 18 December 2018 and signed on its behalf by:

.....
Mr Daniel Dixon Jnr
Director

Dixons Contractors Ltd

Independent Auditor's Report to the Members of Dixons Contractors Ltd

Opinion

We have audited the financial statements of Dixons Contractors Ltd (the 'company') for the year ended 31 March 2018, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Other information

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

Dixons Contractors Ltd

Independent Auditor's Report to the Members of Dixons Contractors Ltd

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.

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 4], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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Independent Auditor's Report to the Members of Dixons Contractors Ltd

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

.....

James Wallace (Senior Statutory Auditor)

For and on behalf of D T Carson & Co, Statutory Auditor

51-53 Thomas Street

Ballymena

Co Antrim

BT43 6AZ

18 December 2018

Dixons Contractors Ltd

Profit and Loss Account for the Year Ended 31 March 2018

	Note	2018 £	2017 £
Turnover	<u>3</u>	26,209,194	26,483,638
Cost of sales		<u>(24,576,602)</u>	<u>(24,450,861)</u>
Gross profit		1,632,592	2,032,777
Administrative expenses		(2,069,842)	(1,976,608)
Other operating income	<u>4</u>	<u>13,667</u>	<u>50,000</u>
Operating (loss)/profit	<u>6</u>	<u>(423,583)</u>	<u>106,169</u>
Amounts written off investments		1,520	-
Interest payable and similar expenses	<u>7</u>	<u>(58,378)</u>	<u>(32,108)</u>
		<u>(56,858)</u>	<u>(32,108)</u>
(Loss)/profit before tax		(480,441)	74,061
Taxation	<u>11</u>	<u>24,571</u>	<u>(17,759)</u>
(Loss)/profit for the financial year		<u>(455,870)</u>	<u>56,302</u>

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

The notes on pages 14 to 28 form an integral part of these financial statements.

Dixons Contractors Ltd

Statement of Comprehensive Income for the Year Ended 31 March 2018

	2018	2017
	£	£
(Loss)/profit for the year	<u>(455,870)</u>	<u>56,302</u>
Total comprehensive income for the year	<u><u>(455,870)</u></u>	<u><u>56,302</u></u>

The notes on pages 14 to 28 form an integral part of these financial statements.

Dixons Contractors Ltd

(Registration number: NI050218)
Balance Sheet as at 31 March 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	<u>12</u>	68,568	102,852
Tangible assets	<u>13</u>	550,615	583,230
Other financial assets	<u>14</u>	196,291	194,771
		<u>815,474</u>	<u>880,853</u>
Current assets			
Stocks	<u>15</u>	1,289,475	3,307,584
Debtors	<u>16</u>	7,746,365	2,245,929
Cash at bank and in hand		693	190
		<u>9,036,533</u>	<u>5,553,703</u>
Creditors: Amounts falling due within one year	<u>18</u>	<u>(8,676,561)</u>	<u>(4,761,018)</u>
Net current assets		<u>359,972</u>	<u>792,685</u>
Total assets less current liabilities		1,175,446	1,673,538
Creditors: Amounts falling due after more than one year	<u>18</u>	(54,780)	(100,470)
Provisions for liabilities	<u>19</u>	<u>(103,112)</u>	<u>(99,644)</u>
Net assets		<u>1,017,554</u>	<u>1,473,424</u>
Capital and reserves			
Called up share capital	<u>21</u>	10,000	10,000
Profit and loss account		<u>1,007,554</u>	<u>1,463,424</u>
Total equity		<u>1,017,554</u>	<u>1,473,424</u>

Approved and authorised by the Board on 18 December 2018 and signed on its behalf by:

.....
Mr Daniel Dixon
Director

.....
Mr Daniel Dixon Jnr
Director

The notes on pages 14 to 28 form an integral part of these financial statements.
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Statement of Changes in Equity for the Year Ended 31 March 2018

	Share capital £	Profit and loss account £	Total £
At 1 April 2017	10,000	1,463,424	1,473,424
Loss for the year	-	(455,870)	(455,870)
Total comprehensive income	-	(455,870)	(455,870)
At 31 March 2018	10,000	1,007,554	1,017,554
	Share capital £	Profit and loss account £	Total £
At 1 April 2016	10,000	1,428,122	1,438,122
Profit for the year	-	56,302	56,302
Total comprehensive income	-	56,302	56,302
Dividends	-	(21,000)	(21,000)
At 31 March 2017	10,000	1,463,424	1,473,424

The notes on pages 14 to 28 form an integral part of these financial statements.

Dixons Contractors Ltd

Statement of Cash Flows for the Year Ended 31 March 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
(Loss)/profit for the year		(455,870)	56,302
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	<u>6</u>	193,052	205,036
Profit on disposal of tangible assets	<u>5</u>	(23,180)	(2,748)
Finance costs	<u>7</u>	56,858	32,108
Income tax expense	<u>11</u>	(24,571)	17,759
		(253,711)	308,457
Working capital adjustments			
Decrease/(increase) in stocks	<u>15</u>	2,018,109	(70,697)
Increase in trade debtors	<u>16</u>	(5,472,403)	(703,190)
Increase in trade creditors	<u>18</u>	3,674,210	6,165
Cash generated from operations		(33,795)	(459,265)
Income taxes paid	<u>11</u>	(28,039)	(40,178)
Net cash flow from operating activities		(61,834)	(499,443)
Cash flows from investing activities			
Acquisitions of tangible assets		(113,404)	(45,788)
Proceeds from sale of tangible assets		49,953	12,957
Acquisition of investments		-	(160,491)
Net cash flows from investing activities		(63,451)	(193,322)
Cash flows from financing activities			
Interest paid	<u>7</u>	(58,378)	(32,108)
Proceeds from bank borrowing draw downs		6,917	173,494
Repayment of bank borrowing		-	(34,719)
Payments to finance lease creditors		(131,152)	(116,882)
Dividends paid	<u>24</u>	-	(21,000)
Net cash flows from financing activities		(182,613)	(31,215)
Net decrease in cash and cash equivalents		(307,898)	(723,980)
Cash and cash equivalents at 1 April		(545,518)	178,462
Cash and cash equivalents at 31 March		(853,416)	(545,518)

The notes on pages 14 to 28 form an integral part of these financial statements.

Dixons Contractors Ltd

Notes to the Financial Statements for the Year Ended 31 March 2018

1 General information

The company is a private company limited by share capital, incorporated in Northern Ireland.

The address of its registered office is:

143 Tullaghans Road

Dunloy

Ballymena

Co Antrim

BT44 9EA

These financial statements were authorised for issue by the Board on 18 December 2018.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the company's activities.

Contract revenue recognition

Turnover is related to long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion. In previous years it had been disclosed in the accounts as work in progress rather than turnover.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Dixons Contractors Ltd

Notes to the Financial Statements for the Year Ended 31 March 2018

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

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

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Plant and machinery	25% reducing balance basis
Motor vehicles	25% reducing balance basis
Office equipment	25% reducing balance basis

Goodwill

Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	Over 5 years

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 from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially 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 receivables.

Dixons Contractors Ltd

Notes to the Financial Statements for the Year Ended 31 March 2018

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, 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.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Dixons Contractors Ltd

Notes to the Financial Statements for the Year Ended 31 March 2018

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2018	2017
	£	£
Sale of goods	26,209,194	26,483,638

The amount of contract revenue recognised as revenue in the year was £26,209,194 (2017 - £26,483,638).

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised in proportion to the stage of completion of contract activity. An expected loss on a construction contract is recognised as an expense as soon as such loss is probable.

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2018	2017
	£	£
Miscellaneous other operating income	13,667	50,000

5 Other gains and losses

The analysis of the company's other gains and losses for the year is as follows:

	2018	2017
	£	£
Gain (loss) on disposal of property, plant and equipment	23,180	2,748

6 Operating loss

Arrived at after charging/(crediting)

	2018	2017
	£	£
Depreciation expense	158,768	170,752
Amortisation expense	34,284	34,284
Profit on disposal of property, plant and equipment	(23,180)	(2,748)

Dixons Contractors Ltd

Notes to the Financial Statements for the Year Ended 31 March 2018

7 Interest payable and similar charges

	2018 £	2017 £
Interest on bank overdrafts and borrowings	48,693	22,367
Interest on obligations under finance leases and hire purchase contracts	9,685	9,741
	<u>58,378</u>	<u>32,108</u>

8 Staff costs

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

	2018 £	2017 £
Wages and salaries	2,429,642	2,331,952
Social security costs	244,871	229,257
Pension costs, defined contribution scheme	112,837	91,441
Other employee expense	44,431	32,271
	<u>2,831,781</u>	<u>2,684,921</u>

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

	2018 No.	2017 No.
Administration and support	<u>88</u>	<u>86</u>

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2018 £	2017 £
Remuneration	131,475	137,792
Contributions paid to money purchase schemes	16,256	15,590
	<u>147,731</u>	<u>153,382</u>

10 Auditors' remuneration

	2018 £	2017 £
Audit of the financial statements	<u>6,900</u>	<u>6,900</u>

Dixons Contractors Ltd

Notes to the Financial Statements for the Year Ended 31 March 2018

11 Taxation

Tax charged/(credited) in the income statement

	2018 £	2017 £
Current taxation		
UK corporation tax	-	28,039
UK corporation tax adjustment to prior periods	(28,039)	-
	(28,039)	28,039
Deferred taxation		
Arising from origination and reversal of timing differences	3,468	(10,280)
Tax (receipt)/expense in the income statement	(24,571)	17,759

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2017 - the same as the standard rate of corporation tax in the UK) of 19% (2017 - 20%).

The differences are reconciled below:

	2018 £	2017 £
(Loss)/profit before tax	(480,441)	74,061
Corporation tax at standard rate	(91,284)	14,812
Effect of expense not deductible in determining taxable profit (tax loss)	12	1,335
UK deferred tax expense/(credit) relating to changes in tax rates or laws	2,066	(10,280)
Tax increase from effect of capital allowances and depreciation	3,046	11,892
Tax increase from effect of unrelieved tax losses carried forward	61,589	-
Total tax (credit)/charge	(24,571)	17,759

Deferred tax

Deferred tax assets and liabilities

2018	Liability £
Accelerated tax depreciation	3,468
2017	Asset £
Accelerated tax depreciation	10,280

Dixons Contractors Ltd

Notes to the Financial Statements for the Year Ended 31 March 2018

12 Intangible assets

	Goodwill £	Total £
Cost or valuation		
At 1 April 2017	600,000	600,000
At 31 March 2018	600,000	600,000
Amortisation		
At 1 April 2017	497,148	497,148
Amortisation charge	34,284	34,284
At 31 March 2018	531,432	531,432
Carrying amount		
At 31 March 2018	68,568	68,568
At 31 March 2017	102,852	102,852

Dixons Contractors Ltd

Notes to the Financial Statements for the Year Ended 31 March 2018

13 Tangible assets

	Furniture, fittings and equipment £	Motor vehicles £	Plant and machinery £	Total £
Cost or valuation				
At 1 April 2017	96,169	552,820	891,622	1,540,611
Additions	46,548	35,000	71,378	152,926
Disposals	-	(92,590)	(74,140)	(166,730)
At 31 March 2018	142,717	495,230	888,860	1,526,807
Depreciation				
At 1 April 2017	52,622	282,358	622,401	957,381
Charge for the year	16,310	69,238	73,220	158,768
Eliminated on disposal	-	(69,365)	(70,592)	(139,957)
At 31 March 2018	68,932	282,231	625,029	976,192
Carrying amount				
At 31 March 2018	73,785	212,999	263,831	550,615
At 31 March 2017	43,547	270,462	269,221	583,230

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2018 £	2017 £
Motor vehicles, plant and machinery	208,756	301,319

Dixons Contractors Ltd

Notes to the Financial Statements for the Year Ended 31 March 2018

14 Other financial assets (current and non-current)

	Financial assets at cost less impairment £	Total £
Non-current financial assets		
Cost or valuation		
At 1 April 2017	194,771	194,771
Revaluations	1,520	1,520
At 31 March 2018	196,291	196,291
Impairment		
Carrying amount		
At 31 March 2018	196,291	196,291

15 Stocks

	2018 £	2017 £
Work in progress	1,270,449	3,285,351
Other inventories	19,026	22,233
	1,289,475	3,307,584

16 Debtors

	Note	2018 £	2017 £
Trade debtors		3,063,104	2,119,836
Other debtors		205,060	71,456
Prepayments		79,792	54,637
Gross amount due from customers for contract work		4,370,376	-
Income tax asset	11	28,033	-
		7,746,365	2,245,929

Dixons Contractors Ltd

Notes to the Financial Statements for the Year Ended 31 March 2018

17 Cash and cash equivalents

	2018 £	2017 £
Cash on hand	503	-
Cash at bank	190	190
	693	190
Bank overdrafts	(854,109)	(545,708)
Cash and cash equivalents in statement of cash flows	(853,416)	(545,518)

18 Creditors

	Note	2018 £	2017 £
Due within one year			
Loans and borrowings	22	1,211,338	941,960
Trade creditors		6,184,883	3,470,931
Amounts due to related parties	25	47,274	19,984
Social security and other taxes		170,872	253,365
Outstanding defined contribution pension costs		20,188	18,876
Other payables		11,259	10,873
Accruals		1,030,747	16,984
Income tax liability	11	-	28,045
		8,676,561	4,761,018
Due after one year			
Loans and borrowings	22	54,780	100,470

19 Deferred tax and other provisions

	Deferred tax £	Total £
At 1 April 2017	99,644	99,644
Increase (decrease) in existing provisions	3,468	3,468
At 31 March 2018	103,112	103,112

20 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £112,837 (2017 - £56,738).

Contributions totalling £20,188 (2017 - £18,876) were payable to the scheme at the end of the year and are included in creditors.

Dixons Contractors Ltd

Notes to the Financial Statements for the Year Ended 31 March 2018

21 Share capital

Allotted, called up and fully paid shares

	2018		2017	
	No.	£	No.	£
Ordinary shares of £1 each	10,000	10,000	10,000	10,000

22 Loans and borrowings

	2018 £	2017 £
Non-current loans and borrowings		
Finance lease liabilities	54,780	100,470

	2018 £	2017 £
Current loans and borrowings		
Bank overdrafts	854,109	545,708
Finance lease liabilities	73,572	119,512
Other borrowings	283,657	276,740
	<u>1,211,338</u>	<u>941,960</u>

Dixons Contractors Ltd

Notes to the Financial Statements for the Year Ended 31 March 2018

Bank borrowings

The carrying amount of bank loans and overdrafts at the year end is £854,109 (2017 - £545,708).

The bank loans and overdrafts are secured by:

1. Debenture charging all of the assets and undertakings of the Borrower.
2. A guarantee and indemnity from Daniel Dixon, Geraldine Dixon & DJ Dixon guaranteeing the Borrower's liabilities in the sum of £2,000,000 together with interest and costs accrued thereon unlimited as to time. Supported by
 - (a) First legal mortgage/charge over the property at 6 Bridge Road, Dunloy
 - (b) First legal mortgage/charge over the property at 4 Station Road and Main Street, Dunloy
 - (c) First legal mortgage/charge over the property at 165-169 Tullaghans Road, Dunloy
 - (d) First legal mortgage/charge over the property at 12-14 Main Street, Dunloy
 - (e) First legal mortgage/charge over the leasehold property interest in the property at 11 houses and at 624-634 Glenmanus, Portrush
 - (f) First legal mortgage/charge over the property at 6-8 Main Street, Dunloy
 - (g) Assignment of the Bank of Level Term Friends Life life policy on the life of DJ Dixon for amount of £750,000
 - (h) Assignment of the Bank of Abbey Life Assurance life policy on the life of D Dixon for amount of £23,365
 - (i) First legal mortgage/charge over the property at Mullaboy Lane, Bridge Road, Dunloy
3. Deed of Subordination to be executed by all directors in order that any capital and interest payments on any of the loans to Daniel Dixon, Geraldine Dixon or DJ Dixon of Dixon Contractors Ltd will be subordinated in favour of Bank debt.
4. First legal mortgage/charge over the property at site at, 7 Mountpottinger Road, Belfast

Additional Security Required

First legal mortgage/charge over the property at 143 Tullaghans Road, to be held in support of the existing guarantee and indemnity from Daniel Dixon, Geraldine Dixon and DJ Dixon detailed above.

Dixons Contractors Ltd

Notes to the Financial Statements for the Year Ended 31 March 2018

23 Obligations under leases and hire purchase contracts

Finance leases

The total of future minimum lease payments is as follows:

	2018	2017
	£	£
Not later than one year	78,549	129,121
Later than one year and not later than five years	41,595	71,618
Later than five years	17,360	36,216
	<u>137,504</u>	<u>236,955</u>

Operating leases

The total of future minimum lease payments is as follows:

	2018	2017
	£	£
Not later than one year	44,965	32,106
Later than one year and not later than five years	33,986	18,152
Later than five years	8,827	-
	<u>87,778</u>	<u>50,258</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £66,601 (2017 - £56,810).

24 Dividends

	2018	2017
	£	£
Interim dividend of £Nil (2017 - £2.10) per ordinary share	-	21,000
	<u></u>	<u></u>

The directors are proposing a final dividend of £Nil (2017 - £Nil) per share totalling £Nil (2017 - £Nil).

Dixons Contractors Ltd

Notes to the Financial Statements for the Year Ended 31 March 2018

25 Related party transactions

Summary of transactions with other related parties

Under common control

Income and receivables from related parties

2018

	Other related parties £
Sale of goods	8,673,306
Rent of premises and storage facilities	92,000
	<u>8,765,306</u>
Amounts receivable from related party	<u>944,764</u>

2017

	Other related parties £
Sale of goods	3,424,883
Rent of premises and storage facilities	81,000
	<u>3,505,883</u>
Amounts receivable from related party	<u>443,009</u>

Expenditure with and payables to related parties

2018

	Key management £	Other related parties £
Purchase of goods	-	213,212
Amounts payable to related party	<u>47,274</u>	<u>-</u>

2017

	Key management £	Other related parties £
Purchase of goods	-	284,488
Amounts payable to related party	<u>19,984</u>	<u>112,840</u>

Loans to related parties

2018

	Other related parties £
At start of period	55,000
Repaid	<u>(55,000)</u>
At end of period	<u>-</u>

Dixons Contractors Ltd

Notes to the Financial Statements for the Year Ended 31 March 2018

	Other related parties £
2017	
At start of period	30,000
Advanced	<u>25,000</u>
At end of period	<u><u>55,000</u></u>

26 Parent and ultimate parent undertaking

The company is controlled by the directors who own 100% of the called up share capital.

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