

SPE Contracts Limited

Reports and Financial Statements

for the year ended 31 August 2019

SPE Contracts Limited

DIRECTORS AND OTHER INFORMATION

Directors

Stephen Parr
Ciaran McCaffrey
Colin Upritchard
Ciaran Brophy (Appointed 2 November 2018)
Michael Dallas
Alexander Parr (Resigned 17 October 2018)

Company Number

NI057830

Registered Office and Business Address

Unit 1, Tamar Commercial Centre
Chater Street
Belfast
Co. Antrim
BT4 1BL
Northern Ireland

Auditors

PGR Accountants Limited
Chartered Accountants
Unit 2 Channel Wharf
21 Old Channel Road
Belfast
Co. Antrim
BT3 9DE
Northern Ireland

Bankers

Bank of Ireland
28 University Road
Belfast
Co. Antrim
BT7 1NA
Northern Ireland

Danske Bank
Donegall Square West
Belfast
BT1 6JS

Solicitors

John McKee & Son
32-38 Linenhall Street
BT2 8BG
Northern Ireland

SPE Contracts Limited

STRATEGIC REPORT

for the year ended 31 August 2019

Review of the Company's Business

The principal activities of the company are that of building, mechanical and civil engineering, demolition and electrical contracting.

After poor results in 2018, the directors improved their management of contracts by maintaining tighter controls on costs required to deliver these contracts. This has resulted in a return to profitability and significantly improved prospects for the future.

The directors consider that maintaining turnover at a similar level to 2019 will be more manageable with higher margins achievable.

The directors have considered the future trading of SPE Contracts for 12 months from the date of approval of these accounts, with reference to contracted and uncontracted pipeline, overheads, market conditions, and confirm the business can continue to trade as a going concern.

Principal Risks and Uncertainties

The directors have identified the following areas of risk and uncertainty:

Business performance risk

The business environment in which we operate continues to be challenging with the key commercial risks being market conditions, costs of raw materials and labour and customer credit risk. Increased political and macro-economic uncertainty following the result of the EU referendum has added to these risks.

Financial risk management

The company's operations exposes it to a variety of financial risks that includes changes in the price of raw materials and labour, interest rate risk, credit risk, liquidity risk and price and market risk. The directors review and agree policies for managing each of these risks and they are summarised below.

The company uses various financial instruments including investments and cash, and various items, such as trade debtors, trade creditors, and amounts owed to related undertakings that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below. The company does not make use of derivative transactions to minimise exposure to interest rates or foreign exchange.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. The company policy throughout the year has been to ensure continuity of funding by matching the source of funds to the intended use of those funds. Short-term flexibility is achieved through the company's cash reserves.

Interest rate risk

The company finances its operations through a mixture of retained profits and an overdraft facility. Interest rate risk is managed through planning expenditure within the confines of the company's banking facilities.

Credit risk

The company's principal financial assets are cash and amounts recoverable on contracts, whether included in debtors or in stock. The credit risk associated with cash is limited. The principal credit risk therefore arises from contract balances. In order to manage credit risk the directors assess potential customers as part of the tender process, based on a mixture of past history, credit references and industry knowledge. As payment milestones are normally incorporated into most contracts, most invoices are settled promptly on presentation.

A significant amount of the company's revenue and expenses were denominated in Euro during the year which exposes the company to foreign exchange risk. This risk is managed by using a forward contract facility and operating a Euro bank account to manage foreign transactions.

Key Performance Indicators

We consider that our key financial performance indicators are those that communicate the financial performance and strength of the company, these being turnover and net profit.

On behalf of the board

Stephen Parr

Director

10 February 2020

SPE Contracts Limited

DIRECTORS' REPORT

for the year ended 31 August 2019

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

Principal Activity

The principal activities of the company are that of building, mechanical and civil engineering, demolition, and electrical contracting.

Results and Dividends

The profit/(loss) for the year after providing for depreciation and taxation amounted to £704,829 (2018 - £(2,131,416)).

The directors have paid an interim dividend amounting to £4,000 and they do not recommend payment of a final dividend.

Directors

The directors who served during the year are as follows:

Stephen Parr
Ciaran McCaffrey
Colin Upritchard
Ciaran Brophy (Appointed 2 November 2018)
Michael Dallas
Alexander Parr (Resigned 17 October 2018)

Future Developments

The company plans to continue its present activities and current trading levels. Employees are kept as fully informed as practicable about developments within the business.

Political Contributions

The company did not make any disclosable political donations in the current year.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, Directors' 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) including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. 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;
- 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.

In so far as the directors are aware:

-there is no relevant audit information (information needed by the company's auditor in connection with preparing the auditor's report) of which the company's auditor is unaware, and
-the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditors

The auditors, PGR Accountants Limited have indicated their willingness to continue in office in accordance with the provisions of Section 485 of the Companies Act 2006.

On behalf of the board

Stephen Parr

Director

10 February 2020

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of SPE Contracts Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of SPE Contracts Limited ('the company') for the year ended 31 August 2019 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Reconciliation of Shareholders' Funds and the related notes to the financial statements, including a summary of significant accounting policies set out in note . The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

- In our opinion, when reporting in accordance with a fair presentation framework the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 August 2019 and of its profit for the year then ended ;
 - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
 - have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with 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 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 other information comprises the information included in the annual report other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information. 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.

Opinion on other matters prescribed by the Companies Act 2006

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

- in our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of 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 for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, 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 they 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 the going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has 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 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 contained in the appendix to this report, located at page 9, which is to be read as an integral part of our report.

Use of our report

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

Richard Gray (Senior Statutory Auditor)

for and on behalf of

PGR ACCOUNTANTS LIMITED

Statutory Auditors

Chartered Accountants

Unit 2 Channel Wharf

21 Old Channel Road

Belfast

Co. Antrim

BT3 9DE

Northern Ireland

10 February 2020

APPENDIX TO THE INDEPENDENT AUDITOR'S REPORT

Further information regarding the scope of our responsibilities as auditor

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

- 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.

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.

SPE Contracts Limited**PROFIT AND LOSS ACCOUNT**

for the year ended 31 August 2019

	Notes	2019 £	2018 £
Turnover	5	11,334,768	17,232,413
Cost of sales		(8,888,050)	(17,192,635)
Gross profit		2,446,718	39,778
Administrative expenses		(1,838,036)	(2,164,480)
Operating profit/(loss)	6	608,682	(2,124,702)
Interest payable and similar expenses	7	(57,178)	(29,253)
Profit/(loss) before taxation		551,504	(2,153,955)
Tax on profit/(loss)	9	153,325	22,539
Profit/(loss) for the year		704,829	(2,131,416)

SPE Contracts Limited

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 August 2019

	2019 £	2018 £
Profit/(loss) after taxation	704,829	(2,131,416)
Impairment of revalued asset	(34,087)	-
Total comprehensive income relating to the year	<u>670,742</u>	<u>(2,131,416)</u>

SPE Contracts Limited

Company Number: NI057830

BALANCE SHEET

as at 31 August 2019

	Notes	2019 £	2018 £
Fixed Assets			
Tangible assets	11	687,684	778,694
Current Assets			
Stocks	12	149,168	20,000
Debtors	13	2,433,012	2,351,454
Cash and cash equivalents		9,639	1,143
		2,591,819	2,372,597
Creditors: Amounts falling due within one year	14	(2,858,855)	(3,303,041)
Net Current Liabilities		(267,036)	(930,444)
Total Assets less Current Liabilities		420,648	(151,750)
Creditors			
Amounts falling due after more than one year	15	(197,695)	(238,714)
Provisions for liabilities	16	2,394	(50,931)
Net Assets/(Liabilities)		225,347	(441,395)
Capital and Reserves			
Called up share capital	17	100	100
Revaluation reserve		-	34,087
Profit and Loss Account		225,247	(475,582)
Shareholders' Funds/(Deficit)		225,347	(441,395)

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Approved by the Board and authorised for issue on 10 February 2020 and signed on its behalf by

Stephen Parr

Director

SPE Contracts Limited
RECONCILIATION OF SHAREHOLDERS' FUNDS

as at 31 August 2019

	Share capital	Revaluation reserve	Retained earnings	Total
	£	£	£	£
At 1 September 2017	1	34,087	1,655,834	1,689,922
Loss for the year	-	-	(2,131,416)	(2,131,416)
Net proceeds of equity ordinary share issue		99	-	-
At 31 August 2018	100	34,087	(475,582)	(441,395)
Profit for the year	-	-	704,829	704,829
Other gains and losses	-	(34,087)	-	(34,087)
Total comprehensive income	-	(34,087)	704,829	670,742
Payment of dividends	-	-	(4,000)	(4,000)
At 31 August 2019	100	-	225,247	225,347

SPE Contracts Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2019

1. GENERAL INFORMATION

SPE Contracts Limited is a company limited by shares incorporated in Northern Ireland. Unit 1, Tamar Commercial Centre, Chater Street, Belfast, Co. Antrim, BT4 1BL, Northern Ireland is the registered office, which is also the principal place of business of the company. The nature of the company's operations and its principal activities are set out in the Directors' Report. The financial statements have been presented in Pound Sterling (£) which is also the functional currency of the company.

2. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Statement of compliance

The financial statements of the company for the year ended 31 August 2019 have been prepared in accordance with the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102) issued by the Financial Reporting Council and in accordance with the Companies Act 2006

Basis of preparation

The financial statements have been prepared on the going concern basis and in accordance with the historical cost convention except for certain properties and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Cash flow statement

The company has availed of the exemption in FRS 102 from the requirement to prepare a Cash Flow Statement because it is a subsidiary undertaking for which the consolidated financial statements are publicly available.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the rendering of services. Turnover on long-term contracts is recognised based on the stage of completion of the transaction at the end of the reporting period after making an estimate of costs to complete and risks associated with the contract. Full provision is made for any losses in the year in which they are first foreseen.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or at valuation, less accumulated depreciation. The charge to depreciation is calculated to write off the original cost or valuation of tangible fixed assets, less their estimated residual value, over their expected useful lives as follows:

Long leasehold property	-	Revaluation basis
Plant and machinery	-	20% Reducing Balance
Fixtures, fittings and equipment	-	20% Reducing Balance
Motor vehicles	-	20% Reducing Balance

The carrying values of tangible fixed assets are reviewed annually for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Leasing and hire purchases

Tangible fixed assets held under leasing and Hire Purchases arrangements which transfer substantially all the risks and rewards of ownership to the company are capitalised and included in the Balance Sheet at their cost or valuation, less depreciation. The corresponding commitments are recorded as liabilities. Payments in respect of these obligations are treated as consisting of capital and interest elements, with interest charged to the Profit and Loss Account.

Stocks

Stocks are valued at the lower of cost and net realisable value. In respect of work in progress and finished goods, cost includes all direct costs of production and the appropriate proportion of production overheads. Cost comprises expenditure incurred in the normal course of business in bringing stocks to their present location and condition. Full provision is made for obsolete and slow moving items. Net realisable value comprises actual or estimated selling price (net of trade discounts) less all further costs to completion or to be incurred in marketing and selling.

Trade and other debtors

Trade and other debtors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases the receivables are stated at cost less impairment losses for bad and doubtful debts.

Provisions

Provisions are recognised when the company has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the same value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Trade and other creditors

Trade and other creditors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest rate method, unless the effect of discounting would be immaterial, in which case they are stated at cost.

Related parties

For the purposes of these financial statements a party is considered to be related to the company if:

- the party has the ability, directly or indirectly, through one or more intermediaries to control the company or exercise significant influence over the company in making financial and operating policy decisions or has joint control over the company;
- the company and the party are subject to common control;
- the party is an associate of the company or forms part of a joint venture with the company;
- the party is a member of key management personnel of the company or the company's parent, or a close family member of such as an individual, or is an entity under the control, joint control or significant influence of such individuals;
- the party is a close family member of a party referred to above or is an entity under the control or significant influence of such individuals; or
- the party is a post-employment benefit plan which is for the benefit of employees of the company or of any entity that is a related party of the company.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the company.

Employee benefits

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

Taxation and deferred taxation

Current tax represents the amount expected to be paid or recovered in respect of taxable profits for the year and is calculated using the tax rates and laws that have been enacted or substantially enacted at the Balance Sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax in the future, or a right to pay less tax in the future. Timing differences are temporary differences between the company's taxable profits and its results as stated in the financial statements. Deferred tax is measured on an undiscounted basis at the tax rates that are anticipated to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the Balance Sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at the rates of exchange ruling at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The resulting exchange differences are dealt with in the Profit and Loss Account.

Financial Instruments

Share capital of the company

Ordinary share capital

The ordinary share capital of the company is presented as equity.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Preparation of the financial statements requires management to make significant judgements and estimates. The areas in the financial statements where these judgements and estimates have been made include the following:

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

Critical judgements
The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See Note 12 for the carrying amount of the tangible

(b) Key accounting estimates and assumptions

Provision for bad or doubtful debts

The company has significant trade debtor balances from a large number of customers at any given point in time and further to that, significant debtor balances from related party entities. Consequently estimating the required provision for such debtors requires a regular review to identify those entities where events (either historical or current) give management an indication that future collectability may be uncertain.

Construction contract revenue

Recognised amounts of construction contract revenues and related receivables reflect management's best estimate of each contract's outcome and stage of completion. This includes the assessment of the profitability of ongoing construction contracts and the order backlog. For more complex contracts in particular, costs to complete and contract profitability are subject to significant estimation uncertainty.

4. LIABILITY LIMITATION AGREEMENT

The Company has agreed a limitation of liability clause with its auditor. The aggregate liability of the firm, its partners, agents and employees or any of them for Total Damage shall be limited to the amount of £1.5 million.

5. TURNOVER

An analysis of turnover by class of business and geographical market is not given as, in the opinion of the directors, this would be seriously prejudicial to the company's interest.

6. OPERATING PROFIT/(LOSS)	2019	2018
	£	£

Operating profit/(loss) is stated after charging/(crediting):

Depreciation and impairments of tangible fixed assets	71,145	71,198
Loss on disposal of tangible fixed assets	11,872	3,232
Profit on foreign currencies	(65,927)	(43,448)
Auditor's remuneration		
- audit services	15,294	14,445
	<u>15,294</u>	<u>14,445</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES	2019	2018
	£	£

On bank loans and overdrafts	42,832	18,391
Hire purchase interest	14,346	10,862
	<u>57,178</u>	<u>29,253</u>

8. EMPLOYEES AND REMUNERATION

Number of employees

The average number of persons employed (including executive directors) during the year was as follows:

	2019	2018
	Number	Number
Site staff	23	27
Office and administration staff	38	42

	61	69
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The staff costs (inclusive of directors' salaries) comprise:

	2019	2018
	£	£
Wages and salaries	1,924,566	2,240,676
Social security costs	183,252	218,907
Pension costs	40,360	31,217
	2,148,178	2,490,800

9. TAX ON PROFIT/(LOSS)

	2019	2018
	£	£

(a) Analysis of charge in the year

Current tax:

Corporation tax at 19.00% (2018 - 19.00%)	-	(11,523)
Under/over provision in prior year	-	(17,363)
Total current tax	-	(28,886)

Deferred tax:

Origination and reversal of timing differences	(153,325)	6,347
Total deferred tax	(153,325)	6,347
Tax on profit (Note 9 (b))	(153,325)	(22,539)

(b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the United Kingdom 19.00% (2018 - 19.00%). The differences are explained below:

	2019	2018
	£	£
Profit/(loss) taxable at 19.00%	551,504	(2,153,955)
Profit/(loss) before tax		
multiplied by the standard rate of corporation tax		
in the United Kingdom at 19.00% (2018 - 19.00%)	104,786	(409,251)
Effects of:		
Expenses not deductible for tax purposes	5,343	-
Depreciation in excess of capital allowances for period	6,245	(6,813)
Utilisation of tax losses	(118,630)	-
Deferred tax	(153,325)	6,347
Loss/Profit on Disposal	2,256	614
Over provision in prior year	-	(17,363)

Losses group relieved	-	70,013
Losses carried forward	-	333,914
Total tax charge for the year (Note 9 (a))	(153,325)	(22,539)

No charge to tax arises due to tax losses incurred.

10. DIVIDENDS	2019	2018
	£	£
Dividends on equity shares:		
Ordinary - Interim paid	4,000	-

11. TANGIBLE FIXED ASSETS

	Long leasehold property £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost or Valuation					
At 1 September 2018	481,436	82,863	300,282	326,535	1,191,116
Additions	-	-	3,596	30,990	34,586
Disposals	-	-	-	(42,500)	(42,500)
Revaluation	(51,436)	-	-	-	(51,436)
At 31 August 2019	430,000	82,863	303,878	315,025	1,131,766
Depreciation					
At 1 September 2018	-	62,456	194,716	155,250	412,422
Charge for the year	-	4,081	21,833	27,882	53,796
On disposals	-	-	-	(22,136)	(22,136)
At 31 August 2019	-	66,537	216,549	160,996	444,082
Net book value					
At 31 August 2019	430,000	16,326	87,329	154,029	687,684
At 31 August 2018	481,436	20,407	105,566	171,285	778,694

The property was revalued to £430,000 based on a valuation performed by an independent valuer at 5 November 2019. This value is not deemed to be materially different from the value of the property at the reporting date.

11.1. TANGIBLE FIXED ASSETS CONTINUED

Included above are assets held under finance leases or hire purchase contracts as follows:

2019		2018	
book value	Net Depreciation charge	book value	Net Depreciation charge
£	£	£	£

Plant and machinery	488	244	732	244
Motor vehicles	148,244	27,168	156,315	35,962
	148,732	27,412	157,047	36,206

12. STOCKS	2019	2018
	£	£
Work in progress	129,168	-
Finished goods and goods for resale	20,000	20,000
	149,168	20,000

13. DEBTORS	2019	2018
	£	£
Trade debtors	264,208	459,791
Amounts recoverable on long term work-in-progress	1,787,437	1,344,399
Amounts owed by group companies	88,653	233,679
Amounts owed by related parties	79,065	-
Other debtors	110,222	84,780
Taxation	29,427	167,866
Prepayments and accrued income	74,000	60,939
	2,433,012	2,351,454

14. CREDITORS	2019	2018
Amounts falling due within one year	£	£
Bank overdrafts	628,701	810,183
Bank loan	18,530	18,171
Net obligations under finance leases and hire purchase contracts	40,775	53,663
Trade creditors	1,108,093	1,504,030
Amounts owed to group companies	268,555	-
Taxation	135,846	53,236
Directors' current accounts (Note 19)	35,918	53,962
Other creditors	32,733	32,829
Accruals:		
Pension accrual	19,539	9,860
Other accruals	570,165	767,107
	2,858,855	3,303,041

Security has been provided to Danske Bank in relation to the company's borrowings and bank facilities as follows;

- A first and only all monies debenture in favour of the bank over all the borrower's assets and undertaking to incorporate a first and only legal charge over property situated at: Unit 1 Tamar Commercial Centre, Chater Street, B e l f a s t , B T 4 1 B L .

- An all monies composite guarantee in favour of the Bank from each of Parr Group Limited, Parr FM Limited and SPE Contracts Limited collateralised by first and only all monies debentures over the property, assets and undertaking of each company.
 -A fixed charge over all that property situate at and known as Unit 10 Tamar Commercial Centre, Tamar Street, Belfast, County Down, BT4 1HR.

15. CREDITORS	2019	2018
Amounts falling due after more than one year	£	£
Bank loan	124,839	143,369
Finance leases and hire purchase contracts	72,856	95,345
	197,695	238,714
Loans		
Repayable in one year or less, or on demand (Note 14)	647,231	828,354
Repayable between one and two years	18,530	18,530
Repayable between two and five years	55,590	55,590
Repayable in five years or more	50,719	69,249
	772,070	971,723
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	40,775	53,663
Repayable between one and five years	72,856	95,345
	113,631	149,008

16. PROVISIONS FOR LIABILITIES

The amounts provided for deferred taxation are analysed below:

	Capital allowances	Legal costs	Total	Total
	£	£	2019	2018
	£	£	£	£
At year start	50,931	-	50,931	44,584
Charged to profit and loss	(153,325)	100,000	(53,325)	6,347
At year end	(102,394)	100,000	(2,394)	50,931

A provision of £100,000 has been included in these accounts in respect of an ongoing legal case. The directors and company solicitors consider an outflow of economic resources to be probable and have estimated this as a fair assessment based on the potential range of outcomes. The outflow of any resulting payments is expected to be within the next financial year and any adjustments to the amount provided will be recognised in 2020's financial statements.

The maximum potential liability in respect of this case is estimated to be £250,000, including legal fees.

17. SHARE CAPITAL			2019	2018
			£	£
Description	Number of shares	Value of units		
Allotted, called up and fully paid				
Ordinary	100	£1 each	100	100
			<hr/> <hr/>	<hr/> <hr/>

18. CONTINGENT LIABILITIES

A counterclaim was issued against the company and Parr Group Limited during the year ended 31 August 2018 of approximately £1,300,000. The directors and legal representation consider the probability of the outflow of economic benefits in settlement to be remote. Therefore, no provision has been included in these accounts in respect of this claim.

19. DIRECTORS' REMUNERATION AND TRANSACTIONS			2019	2018
			£	£
Remuneration			184,884	117,283
			<hr/> <hr/>	<hr/> <hr/>

The following amounts are repayable to the directors:

	2019	2018
	£	£
Stephen Parr	35,918	53,962
	<hr/> <hr/>	<hr/> <hr/>

20. RELATED PARTY TRANSACTIONS

The company has availed of the exemption under FRS 102 in relation to the disclosure of transactions with group companies.

	2019	2018
	£	£
Finance amounts (due from)/owed to related parties	(79,065)	-
	<hr/> <hr/>	<hr/> <hr/>

Transactions with Directors are reported under Note 20.

In the opinion of the directors these amounts arise in the ordinary course of business and the terms of the amounts due are in accordance with the terms ordinarily offered by the company.

21. PARENT AND ULTIMATE PARENT COMPANY

The company regards Parr Group Limited as its parent company.

The company's ultimate parent undertaking is Parr Group Limited.

The address of Parr Group Limited is Unit 1, Tamar Commercial Centre, Chater Street.

Parr Group Limited is the controlling party. Stephen Parr is the ultimate controlling party by virtue of his shareholding in Parr Group Limited.

The parent of the largest group in which the results are consolidated is Parr Group Limited.

Parr Group Limited is registered in Northern Ireland.

22. POST-BALANCE SHEET EVENTS

There have been no significant events affecting the company since the year-end.

SPE CONTRACTS LIMITED

SUPPLEMENTARY INFORMATION

RELATING TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

NOT COVERED BY THE REPORT OF THE AUDITORS

THE FOLLOWING PAGES DO NOT FORM PART OF THE AUDITED FINANCIAL STATEMENTS

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