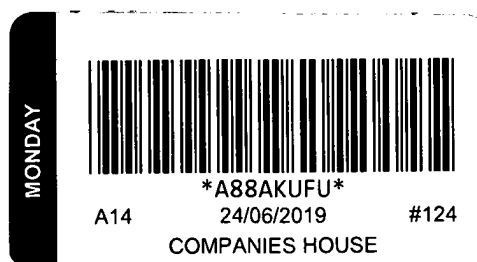


ROC

Company Registration No. 02888278 (England and Wales)

**T&W CIVIL ENGINEERING LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**



# T&W CIVIL ENGINEERING LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr M D Burchnall Mr A Norman
<b>Company number</b>	02888278
<b>Registered office</b>	183 Fraser Road Sheffield S8 0JP
<b>Auditor</b>	Knowles Warwick Limited 183 Fraser Road Sheffield S8 0JP
<b>Business address</b>	5 Pavilion Court Pavilion Drive Northampton NN4 7SL
<b>Bankers</b>	NatWest 5 Market Place Chesterfield S40 1TJ

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# **T&W CIVIL ENGINEERING LIMITED**

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# **T&W CIVIL ENGINEERING LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 30 JUNE 2018**

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The directors present the strategic report for the year ended 30 June 2018.

#### **Fair review of the business**

The company specialises in the construction of groundworks for housing developments and has a client base of major house builders and developers. With a particular emphasis on supervision and efficiency we have been able to build a reputation for a quality product produced at a competitive price resulting in a very high level of client satisfaction. Our workforce is based throughout the East Midlands allowing us to tackle contracts from Oxford to Newmarket, Leicester to North London.

Increased activity within the civil engineering industry has continued to be reported. The persistence of low interest rates, together with the continued level of appetite for lending, and government housing initiatives have all provided a solid foundation for a level of development not seen since before the onset of the 'credit crunch'. The confidence from the major house builders in commissioning bigger and more ambitious developments has remained strong. We have positioned ourselves to play a key role in this continued recovery, but still maintain an air of caution to ensure we do not overcommit ourselves.

Our corporate governance continues to deliver a framework in which we control our activities effectively, and enables us to meet the high standards of workmanship and project delivery that have become expected of us. This in turn allows us to assist in the commercial effectiveness of our customers and suppliers and gives us the resources to adapt to our customers' needs as required.

Our gross profit margin has been eroded due to increased costs incurred during the adverse weather conditions from 'The Beast From The East' as well as the extreme temperatures of the summer. The competitive subcontract labour rates throughout the industry also continue to add pressure to our margins. These factors have directly impacted upon the net profit for the year.

Following the appointment of a Commercial Finance Manager, a review of our financial systems and procedures was undertaken. As result, a number of historical adjustments to the sales and purchase ledgers was highlighted and amended. This has impacted upon the current and previous years results.

The review of the financial systems and procedures has resulted in improvements to our internal reporting, which has given us the ability to be more reactive to external conditions.

Since the balance sheet reporting date we can confirm that the company's overall profitability has improved. We are achieving levels of gross margin previously experienced and we expect this to continue for at least our current and forthcoming financial periods.

Whilst the governments negotiations over Brexit continue to give a feeling of uncertainty over the future of the housing market, and the country as a whole, the company has not experienced any significant financial impact as a direct result of this.

# **T&W CIVIL ENGINEERING LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2018**

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### **Principal risks and uncertainties**

#### **Risks and uncertainties**

The housing market is currently in a period of strong growth as there is an economic and political drive to build more houses. Our location in the Northampton region is a key part of this development as there is a critical need for housing due to the close proximity to London and many trunk roads to the rest of the country.

There is always an inherent uncertainty to the industry as it can be greatly affected by financial, political and socio-economic factors. However in the current climate there is confidence that the favourable conditions experienced will continue for the foreseeable future.

The company uses on site valuations to measure the works performed each month for billing to customers. Variances between our internal valuations and that of our customer can be large. Great efforts have continued to be made in the year to ensure that the valuations of works done are performed on a fair and reasonable basis and that this is also reflected in the valuations performed by customers so as to ensure that the turnover reported is fairly stated and not liable to significant subsequent adjustment.

Since the Brexit announcement made in June 2016 there has been some uncertainty for the UK economy as a whole and the delay in the deadline has added to this pressure. There is some concern regarding adverse effects of Brexit for the construction industry and housing markets following a history of volatility resulting from the 'credit crunch'. Whilst the company did not suffer any effects of this during the year to 30 June 2018 and the industry as a whole at that time continued to trade with the 'business as usual' attitude, there has been some degree of change within the industry as a result of the delay in the deadline to Brexit.

### **Development and performance**

Following the financial impact of the adverse weather conditions experienced during the year, the immediate focus will be returning profit levels and managing efficiencies within the business.

The overall strategy of the company continues to be that of maintaining our close working relationships with housing developers in the region and to maintain our reputation of excellent performance and project delivery. In doing so we will be well placed to grow as house builders undertake larger and more ambitious projects.

The company continues to strive for greater dominance in the region and to cement our place as a valued and trusted partner to our customers. In doing so we will endeavour that the company continues to report excellent growth in both turnover and net profits. This is the eighth year that we have achieved annual sales volume growth and reflects the huge efforts of all of our team as well as ever stronger relationships with our customers.

# T&W CIVIL ENGINEERING LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

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### Key performance indicators

#### Measurement

The company's key performance indicators include turnover, gross profit margin, site EBITDA, company EBITDA and nonfinancial indicators such as gangs per site and days labour to ensure project delivery. With the introduction of the bank loan within the group, the company now also measures performance in line with the lending covenants as set by the bank.

#### Performance during the year and future


Turnover amounted to £75.4 million (2017: £69.2 million) a 9% increase (2017: 20% increase) on the previous year, reflecting the excellent growth experienced as the market for new build housing continues to grow.

Gross profit margin was 8.36% (2017: 10.25%), a fall of 1.89% due to the impact of the weather conditions detailed above and the continued pressures from subcontractor costs as a result of the competitive rates throughout the industry.

Company EBITDA was a loss of £985,072 (2017: £3.2 million profit - restated) with margin falling as result of both the weather conditions experienced during the year, and the historical sales and purchase ledger adjustments made.

Despite the financial impact of the adverse weather conditions, the prospects for the forthcoming year remain positive although senior management remain cautious given the inherent vulnerability of the sector as described above.

On behalf of the board



.....  
Mr M D Burchnall

Director

15<sup>TH</sup> MAY 2019

# **T&W CIVIL ENGINEERING LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 30 JUNE 2018**

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The directors present their annual report and financial statements for the year ended 30 June 2018.

#### **Principal activities**

The principal activity of the company during the year continued to be the provision of civil engineering work.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr M D Burchnall

Mr A Norman

#### **Results and dividends**

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### **Future developments**

The directors aim to create a stable platform from which to operate for the forthcoming financial periods in terms of personnel, systems and processes. Whilst they acknowledge that the rapid growth experienced over the last 2-3 years has delivered a number of benefits, it has also created challenges for senior management. As such the strategy is to provide a base from which to grow in a controlled manner and focus on improving gross margins.

#### **Auditor**

Pursuant to Section 487(2) of the Companies Act 2006, the auditor will be deemed to be reappointed and Knowles Warwick Limited will therefore continue in office.

#### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Mr M D Burchnall

Director

Date: 15<sup>th</sup> May 2019.

# **T&W CIVIL ENGINEERING LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### **FOR THE YEAR ENDED 30 JUNE 2018**

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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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.



# T&W CIVIL ENGINEERING LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF T&W CIVIL ENGINEERING LIMITED

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#### Opinion

We have audited the financial statements of T&W Civil Engineering Limited (the 'company') for the year ended 30 June 2018 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

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

- 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.

# **T&W CIVIL ENGINEERING LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF T&W CIVIL ENGINEERING LIMITED**

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#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report 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 directors' responsibilities statement, 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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.



**Steven Knowles (Senior Statutory Auditor)**  
for and on behalf of Knowles Warwick Limited

15<sup>th</sup> MAY 2019

**Chartered Accountants**  
**Statutory Auditor**

183 Fraser Road  
Sheffield  
S8 0JP

# T&W CIVIL ENGINEERING LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2018

		2018	2017
	Notes	£	as restated £
Turnover	3	75,461,273	69,229,298
Cost of sales		(69,148,765)	(62,042,866)
<b>Gross profit</b>		<b>6,312,508</b>	<b>7,186,432</b>
Administrative expenses		(7,375,324)	(3,969,877)
Other operating income		65,442	1,079
<b>Operating (loss)/profit</b>	<b>4</b>	<b>(997,374)</b>	<b>3,217,634</b>
Other interest receivable and similar income	7	1,755	2,727
Interest payable and similar expenses	8	(4,158)	(9,716)
Amounts written off investments	9	307	-
<b>(Loss)/profit before taxation</b>		<b>(999,470)</b>	<b>3,210,645</b>
Tax on (loss)/profit	10	178,757	(574,131)
<b>(Loss)/profit for the financial year</b>		<b>(820,713)</b>	<b>2,636,514</b>

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

# **T&W CIVIL ENGINEERING LIMITED**

## **STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018**

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	<b>2018</b> <b>£</b>	<b>2017</b> <b>£</b>
<b>(Loss)/profit for the year</b>	<b>(820,713)</b>	<b>2,636,514</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b>(820,713)</b>	<b>2,636,514</b>

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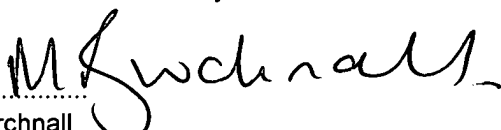
# T&W CIVIL ENGINEERING LIMITED

## BALANCE SHEET

AS AT 30 JUNE 2018

		2018		2017 as restated	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	11		69,712		82,014
<b>Current assets</b>					
Stocks	12	1,432,000		1,073,901	
Debtors	13	26,724,276		23,973,502	
Cash at bank and in hand		655		1	
		<u>28,156,931</u>		<u>25,047,404</u>	
<b>Creditors: amounts falling due within one year</b>	14	<u>(14,199,411)</u>		<u>(9,749,982)</u>	
<b>Net current assets</b>			13,957,520		15,297,422
<b>Total assets less current liabilities</b>			14,027,232		15,379,436
<b>Provisions for liabilities</b>	16		(181,282)		(712,773)
<b>Net assets</b>			<u>13,845,950</u>		<u>14,666,663</u>
<b>Capital and reserves</b>					
Called up share capital	19		750,100		750,100
Profit and loss reserves			<u>13,095,850</u>		<u>13,916,563</u>
<b>Total equity</b>			<u>13,845,950</u>		<u>14,666,663</u>

The financial statements were approved by the board of directors and authorised for issue on 15<sup>th</sup> MAY 2019 and are signed on its behalf by:

  
 .....  
 Mr M D Burchnall  
 Director

Company Registration No. 02888278

# T&W CIVIL ENGINEERING LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Share capital £	Profit and loss reserves £	Total £
<b>As restated for the period ended 30 June 2017:</b>			
<b>Balance at 1 July 2016</b>	750,100	11,280,049	12,030,149
<b>Year ended 30 June 2017:</b>			
Profit and total comprehensive income for the year	-	2,636,514	2,636,514
<b>Balance at 30 June 2017</b>	750,100	13,916,563	14,666,663
<b>Year ended 30 June 2018:</b>			
Loss and total comprehensive income for the year	-	(820,713)	(820,713)
<b>Balance at 30 June 2018</b>	750,100	13,095,850	13,845,950

# T&W CIVIL ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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### 1 Accounting policies

#### Company information

T&W Civil Engineering Limited is a private company limited by shares incorporated in England and Wales. The registered office is 183 Fraser Road, Sheffield, S8 0JP.

The principal activity of the company during the year continued to be the provision of civil engineering work.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of T&W Group Limited. These consolidated financial statements are available from its registered office.

#### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

# T&W CIVIL ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2018

---

#### 1 Accounting policies

(Continued)

##### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When costs incurred in securing a contract are recognised as an expense in the period in which they are incurred, they are not included in contract costs if the contract is obtained in a subsequent period.

##### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	15% Reducing balance
Fixtures, fittings & equipment	15% Reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

##### 1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.



# T&W CIVIL ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2018

---

#### 1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.7 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

# T&W CIVIL ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

### 1 Accounting policies

(Continued)

#### ***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### ***Basic financial liabilities***

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### ***Other financial liabilities***

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

# T&W CIVIL ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2018

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#### 1 Accounting policies

(Continued)

##### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### 1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.10 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

#### 1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### ***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### ***Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

# T&W CIVIL ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2018

#### 1 Accounting policies

(Continued)

##### 1.12 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

##### 1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### 1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

##### 1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

#### 2 Judgements and key sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is 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.

#### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2018	2017
	£	£
<b>Turnover analysed by class of business</b>		
Civil engineering works	75,461,273	69,229,298

# T&W CIVIL ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

### 3 Turnover and other revenue (Continued)

	2018 £	2017 £
<b>Other significant revenue</b>		
Interest income	1,755	2,727

	2018 £	2017 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	75,461,273	69,229,298

### 4 Operating (loss)/profit

	2018 £	2017 £
Operating (loss)/profit for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	9,865	9,395
Depreciation of owned tangible fixed assets	12,302	14,472
Cost of stocks recognised as an expense	31,910,493	27,454,089
Operating lease charges	50,484	50,665

### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2018 Number	2017 Number
Directors	2	2
Administration	40	36
Site workers	4	4
	46	42

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	1,720,564	1,480,280
Social security costs	185,491	158,049
Pension costs	83,251	71,682
	1,989,306	1,710,011

# T&W CIVIL ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

### 6 Directors' remuneration

	2018 £	2017 £
Company pension contributions to defined contribution schemes	11,700	10,800

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2017 - 2).

### 7 Interest receivable and similar income

	2018 £	2017 £
<b>Interest income</b>		
Interest on bank deposits	1,755	2,727
Disclosed on the profit and loss account as follows:		
Other interest receivable and similar income	1,755	2,727

### 8 Interest payable and similar expenses

	2018 £	2017 £
Interest on bank overdrafts and loans	3,829	476
Other interest	329	9,240
	4,158	9,716

### 9 Amounts written off investments fixed asset investments

	2018 £	2017 £
Amounts written back to financial liabilities	307	-

### 10 Taxation

	2018 £	2017 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	558,368
Adjustments in respect of prior periods	(177,259)	17,136
Total current tax	(177,259)	575,504

# T&W CIVIL ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2018

#### 10 Taxation

(Continued)

##### Deferred tax

Origination and reversal of timing differences	(1,498)	(1,373)
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Total tax (credit)/charge	(178,757)	574,131
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The actual (credit)/charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2018 £	2017 £
(Loss)/profit before taxation	(999,470)	3,210,645
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.00%)	(189,899)	610,023
Tax effect of expenses that are not deductible in determining taxable profit	16,673	9,531
Effect of change in corporation tax rate	-	22,455
Group relief	-	(85,087)
Permanent capital allowances in excess of depreciation	1,109	-
Depreciation on assets not qualifying for tax allowances	1,228	1,446
Under/(over) provided in prior years	49,574	17,136
Deferred tax on accelerated capital allowances movement	(1,498)	(1,373)
Deferred tax movement on provisions	(48,184)	-
Effect on change in tax rate on losses carried back	(7,760)	-
Taxation (credit)/charge for the year	(178,757)	574,131

# T&W CIVIL ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

### 11 Tangible fixed assets

	Leasehold improvements	Fixtures, fittings & equipment	Total
	£	£	£
<b>Cost</b>			
At 1 July 2017 and 30 June 2018	58,860	49,855	108,715
<b>Depreciation and impairment</b>			
At 1 July 2017	14,457	12,244	26,701
Depreciation charged in the year	6,661	5,641	12,302
At 30 June 2018	21,118	17,885	39,003
<b>Carrying amount</b>			
At 30 June 2018	37,742	31,970	69,712
At 30 June 2017	44,403	37,611	82,014

### 12 Stocks

	2018 £	2017 £
Raw materials and consumables	1,432,000	1,073,901

### 13 Debtors

	2018 £	2017 £
<b>Amounts falling due within one year:</b>		
Trade debtors	15,977,779	17,101,945
Corporation tax recoverable	682,510	-
Amounts owed by group undertakings	9,121,778	5,998,541
Other debtors	918,836	860,190
Prepayments and accrued income	23,373	12,826
	26,724,276	23,973,502



# T&W CIVIL ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2018

#### 14 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Bank loans and overdrafts	15	2,014,188	61,617
Trade creditors		8,712,211	8,132,500
Amounts owed to group undertakings		2,494,241	21,642
Corporation tax		52,622	323,780
Other taxation and social security		257,863	240,279
Other creditors		254,598	234,611
Accruals and deferred income		413,688	735,553
		<u>14,199,411</u>	<u>9,749,982</u>

#### 15 Loans and overdrafts

	2018 £	2017 £
Bank overdrafts	<u>2,014,188</u>	<u>61,617</u>
Payable within one year	<u>2,014,188</u>	<u>61,617</u>

#### 16 Provisions for liabilities

	Notes	2018 £	2017 £
Remedial works provision		175,000	704,993
Deferred tax liabilities	17	<u>6,282</u>	<u>7,780</u>
		<u>181,282</u>	<u>712,773</u>

Movements on provisions apart from deferred tax liabilities:

	Remedial works provision £
At 1 July 2017	704,993
Reversal of provision	<u>(529,993)</u>
At 30 June 2018	<u>175,000</u>

# T&W CIVIL ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

### 16 Provisions for liabilities

(Continued)

The remedial works provision accounts for potential repair works on site to be performed on projects that the company completed at the time of the economic downturn. As sites are signed off or repairs are conducted the provision is reduced accordingly. The provision is calculated based upon the expected labour and material costs required to perform the remedial works.

### 17 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2018 £	Liabilities 2017 £
<b>Balances:</b>		
Accelerated capital allowances	6,282	7,780
	<u>6,282</u>	<u>7,780</u>
<b>Movements in the year:</b>		2018 £
Liability at 1 July 2017		7,780
Credit to profit or loss		(1,498)
		<u>6,282</u>
Liability at 30 June 2018		<u>6,282</u>

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

### 18 Retirement benefit schemes

	2018 £	2017 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	83,251	71,682
	<u>83,251</u>	<u>71,682</u>

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

### 19 Share capital

	2018 £	2017 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
100 Ordinary shares of £1 each	100	100
750,000 Non Voting Redeemable B shares of £1 each	750,000	750,000
	<u>750,100</u>	<u>750,100</u>

# T&W CIVIL ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

### 19 Share capital

(Continued)

The company has one class of ordinary share which carry no right to fixed income. Each ordinary share carries voting rights and full rights to dividends and capital distributions (including upon winding up).

The holder of the non-voting redeemable B shares shall be entitled to receive notice of, attend and speak but not vote at general meetings. The maximum amount repayable as capital upon winding up is £1 per share at the option of the company.

### 20 Operating lease commitments

#### Lessee

Operating lease payments represent rentals payable by the company for its head office. The lease has no fixed term and is charged annually at the prevailing market rate.

### 21 Events after the reporting date

There are no events after the balance sheet date which the directors feel should be brought to the attention of the members.

### 22 Related party transactions

#### Transactions with related parties

During the year the company entered into the following transactions with related parties:

	<b>Purchases</b>	
	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Entities with control, joint control or significant influence over the company	498,000	498,000
Group entities which are not wholly owned	2,639,856	4,305,257
	<u>          </u>	<u>          </u>

The following amounts were outstanding at the reporting end date:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Amounts due to related parties</b>		
Group entities which are not wholly owned	2,494,241	21,642
Limited liability partnership in which the company was a member	15,680	7,840
	<u>          </u>	<u>          </u>

The following amounts were outstanding at the reporting end date:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Amounts due from related parties</b>		
Entities with control, joint control or significant influence over the company	9,121,778	5,998,541
	<u>          </u>	<u>          </u>

# T&W CIVIL ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2018

#### 23 Ultimate controlling party

The company is under the ultimate control of T&W Group Limited, a company registered in England & Wales under company number 09769419.

The financial statements of the company are consolidated into the financial statements of T&W Group Limited.

#### 24 Prior period adjustment

##### Reconciliation of changes in equity

	Notes	1 July 2016 £	30 June 2017 £
Equity as previously reported		12,030,149	15,488,439
<b>Adjustments to prior year</b>			
Overstatement of trade debtors	A	-	(1,024,872)
Tax recoverable on overstatement of trade debtors	A	-	203,096
Equity as adjusted		<u>12,030,149</u>	<u>14,666,663</u>

##### Reconciliation of changes in profit for the previous financial period

	Notes	2017 £
Profit as previously reported		3,458,290
<b>Adjustments to prior year</b>		
Overstatement of trade debtors	A	(1,024,872)
Tax recoverable on overstatement of trade debtors	A	203,096
Profit as adjusted		<u>2,636,514</u>

##### Notes to reconciliation

##### A - Overstatement of trade debtors

An internal review of systems and procedures was undertaken which identified material amounts unrecoverable in respect of trade debtors. £1,024,872 was identified as unrecoverable in respect of balances due in the year to 30 June 2017.

A reduction to the corporation tax charge of £203,096 for the year to 30 June 2017 was also required in respect of the above adjustment to trade debtors.