

Company registration number: 1700765

Bect Building Contractors Limited

Financial statements

30 June 2020

Bect Building Contractors Limited

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Bect Building Contractors Limited

Strategic report Year ended 30 June 2020

Business Strategy and Objectives

The strategic intent for the business in the medium term is to consolidate it's position as a regional contractor across South Wales and the South West in both residential and commercial sectors. Focus remains on driving operational improvements and efficiencies through robust business processes coupled with investment in its workforce.

Review of Business

Performance for the year ended June 2020 was slightly ahead of expectations despite the obvious and significant challenges associated with the Covid 19 pandemic. The planned increase in revenue beyond £46m was achieved with turnover exceeding £50m for the financial year. Operating profit amounted to 5.1% (4.1% - 2019). Both operational and commercial performance across all our projects remained robust. During this period, the main works commenced was at the Westgate Hotel Project in Cardiff. This scheme coupled with the ongoing major contracts at Treforest and Bath under pinned the revenue growth of the business to current trading levels and will ensure that this is maintained over the coming period.

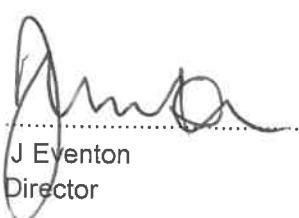
Environmental matters

The company recognises the importance of it's environmental responsibilities and accepts that concern for the environment and all employees is an integral and fundamental part of it's corporate business strategy. The company monitors it's impact on the environment and endeavours to design and implement policies and processes to reduce any damage that might be caused by the company's activities. Initiatives include the safe disposal of commercial waste, the minimisation of waste going to landfill, reducing energy consumption and the use of renewable resources where possible.

Principle Risks and Uncertainties

We continue to operate with a broad range of clients within a variety of work sectors. We remain successful in securing a significant proportion of our workload through repeat business relationships. Our order book for the coming period and beyond remains healthy and sufficient to underpin the short and medium term business plans. Despite this we anticipate trading conditions hardening as the economic impact of Covid 19, along with the unpredictable impact of Brexit crystallise. Whilst we believe that we have mitigated much of this associated risk we remain focused on the continual reassessment of this situation as market conditions change.

This report was approved by the board of directors on 12 March 2021 and signed on behalf of the board by:



J Eventon
Director

Bect Building Contractors Limited

Directors report **Year ended 30 June 2020**

The directors present their report and the financial statements of the company for the year ended 30 June 2020.

Directors

The directors who served the company during the year were as follows:

| | |
|----------------------|--------------------------|
| J Eventon | |
| J Thomas | |
| C Gauci | |
| J T Coombs | (Appointed 4 July 2019) |
| N A Holmes | (Appointed 15 July 2019) |
| UTC Holdings Limited | (Appointed 4 July 2019) |

Dividends

Particulars of recommended dividends are detailed in note 9 to the financial statements.

Future developments

The company is expected to continue its growth and has secured contracts to enable it to do so.

Financial instruments

The directors are of the opinion that there is no material risk concerning the assessment of the assets, liabilities, financial position and profit and loss of the company.

Disclosure of information in the strategic report.

The company has included a strategic report in the financial statements as required by Schedule 7 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008.

Directors responsibilities statement

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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the 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 judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Bect Building Contractors Limited

Directors report (continued)
Year ended 30 June 2020

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 12 March 2021 and signed on behalf of the board by:



J Eventon
Director

Bect Building Contractors Limited

Independent auditor's report to the members of Bect Building Contractors Limited Year ended 30 June 2020

Opinion

We have audited the financial statements of Bect Building Contractors Limited (the 'company') for the year ended 30 June 2020 which comprise the Profit and loss, Balance sheet, statement of changes in equity, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 2020 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 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 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.

Bect Building Contractors Limited

Independent auditor's report to the members of Bect Building Contractors Limited (continued) Year ended 30 June 2020

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Bect Building Contractors Limited

**Independent auditor's report to the members of
Bect Building Contractors Limited (continued)
Year ended 30 June 2020**

- 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.

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 auditors 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.

.....
Ashok Aggarwal FCA (Senior Statutory Auditor)
For and on behalf of
CHP Accountants Limited
Chartered Accountants and Statutory Auditors
Clifton House
Four Elms Road
Cardiff
CF24 1LE

Bect Building Contractors Limited

Profit and loss
Year ended 30 June 2020

| | Note | 2020 | 2019 |
|---|-------------|------------------|----------------|
| | | £ | £ |
| Turnover | 3 | 52,304,820 | 21,998,192 |
| Cost of sales | | (48,575,654) | (19,966,909) |
| Gross profit | | 3,729,166 | 2,031,283 |
| Distribution costs | | (82,787) | (108,617) |
| Administrative expenses | | (1,258,148) | (1,025,790) |
| Other operating income | 4 | 247,448 | - |
| Operating profit | | 2,635,679 | 896,876 |
| Other interest receivable and similar income | | 963 | 10,372 |
| Interest payable and similar expenses | | - | (2) |
| Profit before taxation | | 2,636,642 | 907,246 |
| Tax on profit | 8 | (504,119) | (173,661) |
| Profit for the financial year and total comprehensive income | | 2,132,523 | 733,585 |

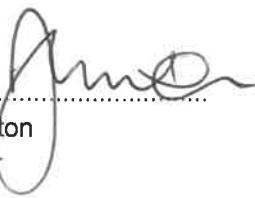
The notes on pages 11 to 20 form part of these financial statements.

Bect Building Contractors Limited

Balance sheet
30 June 2020

| | | 2020 | | 2019 | |
|---|----|--------------------|----------|--------------------|----------|
| | | Note | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 10 | <u>101,904</u> | | <u>115,385</u> | |
| | | 101,904 | | 115,385 | |
| Current assets | | | | | |
| Debtors | 11 | 9,675,754 | | 3,759,082 | |
| Cash at bank and in hand | | 1,495,154 | | 4,285,458 | |
| | | <u>11,170,908</u> | | <u>8,044,540</u> | |
| Creditors: amounts falling due within one year | 12 | <u>(6,597,311)</u> | | <u>(5,057,910)</u> | |
| Net current assets | | <u>4,573,597</u> | | <u>2,986,630</u> | |
| Total assets less current liabilities | | <u>4,675,501</u> | | <u>3,102,015</u> | |
| Provisions for liabilities | 13 | (19,362) | | (21,924) | |
| Net assets | | <u>4,656,139</u> | | <u>3,080,091</u> | |
| Capital and reserves | | | | | |
| Called up share capital | | 48 | | 48 | |
| Capital redemption reserve | | 12 | | 12 | |
| Profit and loss account | | 4,656,079 | | 3,080,031 | |
| Shareholders funds | | <u>4,656,139</u> | | <u>3,080,091</u> | |

These financial statements were approved by the board of directors and authorised for issue on 12 March 2021, and are signed on behalf of the board by:


J Eventon
Director


N. Holmes
Director

Company registration number: 1700765

The notes on pages 11 to 20 form part of these financial statements.

Bect Building Contractors Limited

Statement of changes in equity
Year ended 30 June 2020

| | Called up share capital | Capital redemption reserve | Profit and loss account | Total |
|---|-------------------------------|----------------------------------|-------------------------------|------------------|
| | £ | £ | £ | £ |
| At 1 July 2018 | 48 | 12 | 2,346,446 | 2,346,506 |
| Profit for the year | | | 733,585 | 733,585 |
| Total comprehensive income for the year | - | - | 733,585 | 733,585 |
| At 30 June 2019 and 1 July 2019 | 48 | 12 | 3,080,031 | 3,080,091 |
| Profit for the year | | | 2,132,523 | 2,132,523 |
| Total comprehensive income for the year | - | - | 2,132,523 | 2,132,523 |
| Dividends paid and payable | | | (556,475) | (556,475) |
| Total investments by and distributions to owners | - | - | (556,475) | (556,475) |
| At 30 June 2020 | 48 | 12 | 4,656,079 | 4,656,139 |

Bect Building Contractors Limited

Statement of cash flows
Year ended 30 June 2020

| | 2020 | 2019 |
|---|--------------------|------------------|
| | £ | £ |
| Cash flows from operating activities | | |
| Profit for the financial year | 2,132,523 | 733,585 |
| <i>Adjustments for:</i> | | |
| Depreciation of tangible assets | 27,065 | 37,794 |
| Other interest receivable and similar income | (963) | (10,372) |
| Interest payable and similar expenses | - | 2 |
| Gain/(loss) on disposal of tangible assets | - | (400) |
| Tax on profit | 504,119 | 173,661 |
| Accrued expenses/(income) | (3,256) | 1,222 |
| <i>Changes in:</i> | | |
| Trade and other debtors | (5,916,672) | (557,379) |
| Trade and other creditors | 1,213,818 | 1,353,518 |
| Cash generated from operations | <u>(2,043,366)</u> | <u>1,731,631</u> |
| Interest paid | - | (2) |
| Interest received | 963 | 10,372 |
| Tax paid | (177,842) | (150,405) |
| Net cash (used in)/from operating activities | <u>(2,220,245)</u> | <u>1,591,596</u> |
| Cash flows from investing activities | | |
| Purchase of tangible assets | (13,584) | (15,739) |
| Proceeds from sale of tangible assets | - | 400 |
| Net cash used in investing activities | <u>(13,584)</u> | <u>(15,339)</u> |
| Cash flows from financing activities | | |
| Equity dividends paid | (556,475) | - |
| Net cash used in financing activities | <u>(556,475)</u> | <u>-</u> |
| Net increase/(decrease) in cash and cash equivalents | (2,790,304) | 1,576,257 |
| Cash and cash equivalents at beginning of year | 4,285,458 | 2,709,201 |
| Cash and cash equivalents at end of year | 1,495,154 | 4,285,458 |

Bect Building Contractors Limited

Notes to the financial statements Year ended 30 June 2020

1. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

2. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

COVID-19

In common with most businesses across the UK the company was obliged to curtail most of its operations in March 2020 because of the government lockdown and recommence significantly in June 2020. During this closure period the company took advantage of the government's Coronavirus Job Retention Scheme to pay the wages of employees who were unable to work. The company believes it has access to sufficient liquid funds to ensure that it can continue to trade through this period of uncertainty.

Change in accounting disclosures

Work in progress previously included in stock has been reclassified as amounts recoverable on contracts and included in trade debtors. The amount of work in progress reclassified as amounts recoverable on contracts amounted to £471,438 at 30 June 2019. No change to retained profit resulted from this reclassification.

Sales and supplier retentions were included in other debtors at 30 June 2019. Sales retentions have been reclassified to trade debtors, and retentions due to suppliers have been included in trade creditors. This change resulted in:

- (i) a decrease of £314,575 in other debtors;
- (ii) an increase of £947,484 in trade debtors;
- (iii) an increase of £632,909 in trade creditors.

No change to retained profit resulted from this reclassification.

Revenue recognition

Where the outcome of construction contracts can be reliably estimated, contract revenue and contract costs are recognised by reference to the stage of completion of the contract activity as at the period end.

Where the outcome of construction contracts cannot be estimated reliably, revenue is recognised to the extent of contract costs incurred where it is probable these will be recoverable, and contract costs are recognised as an expense in the period in which they are incurred.

The entity uses the percentage of completion method to determine the amounts to be recognised in the period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred for work performed to date do not include costs relating to future activity, such as for materials or prepayments.

Bect Building Contractors Limited

Notes to the financial statements (continued) **Year ended 30 June 2020**

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in capital and reserves. In this case, tax is recognised in other comprehensive income or directly in capital and reserves, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

Tangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated depreciation and impairment losses.

Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in capital and reserves, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in capital and reserves in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in capital and reserves in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

| | | |
|---------------------------------|-------|------------------|
| Plant and machinery | - 15% | reducing balance |
| Fittings fixtures and equipment | - 15% | reducing balance |
| Motor vehicles | - 25% | reducing balance |

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of tangible assets, the depreciation is revised prospectively to reflect the new estimates.

Bect Building Contractors Limited

Notes to the financial statements (continued) Year ended 30 June 2020

Impairment

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

When it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event; it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the Balance sheet and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised in finance costs in profit or loss in the period it arises.

Bect Building Contractors Limited

Notes to the financial statements (continued)
Year ended 30 June 2020

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised in finance costs in profit or loss in the period in which it arises.

3. Turnover

Turnover arises from:

| | 2020 | 2019 |
|------------------------|-------------|-------------|
| | £ | £ |
| Construction contracts | 52,304,820 | 21,998,192 |

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

Bect Building Contractors Limited

Notes to the financial statements (continued)
Year ended 30 June 2020

4. Other operating income

| | 2020 | 2019 |
|----------------------------------|-------------|------|
| | £ | £ |
| Coronavirus Job Retention Scheme | 247,448 | - |

5. Auditors remuneration

| | 2020 | 2019 |
|--|-------------|-------|
| | £ | £ |
| Fees payable to CHP Accountants Limited | | |
| Fees payable for the audit of the financial statements | 11,900 | 6,000 |
| Fees payable to the company's auditor and its associates for other services: | | |
| Other non-audit services | 4,030 | 3,690 |

6. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

| | 2020 | 2019 |
|----------------------|-------------|------|
| | £ | £ |
| Production staff | 56 | 37 |
| Administrative staff | 10 | 8 |
| | 66 | 45 |

The aggregate payroll costs incurred during the year were:

| | 2020 | 2019 |
|-----------------------|-------------|-----------|
| | £ | £ |
| Wages and salaries | 2,582,027 | 2,315,179 |
| Social security costs | 16,974 | 61,217 |
| Other pension costs | 52,653 | 30,732 |
| | 2,651,654 | 2,407,128 |

Bect Building Contractors Limited

Notes to the financial statements (continued)
Year ended 30 June 2020

7. Directors remuneration

The directors aggregate remuneration in respect of qualifying services was:

| | 2020 £ | 2019 £ |
|--------------|------------------|------------------|
| Remuneration | 11,457 | 338,964 |

Remuneration of the highest paid directors in respect of qualifying services:

| | 2020 £ | 2019 £ |
|--|------------------|------------------|
| Aggregate remuneration | 5,554 | 142,797 |
| Company contributions to pension plans in respect of qualifying services | - | - |
| | 5,554 | 142,797 |

8. Tax on profit

Major components of tax expense

| | 2020 £ | 2019 £ |
|--|------------------|------------------|
| Current tax: | | |
| UK current tax expense | 506,681 | 177,850 |
| Deferred tax: | | |
| Origination and reversal of timing differences | (2,562) | (4,189) |
| Tax on profit | 504,119 | 173,661 |

Reconciliation of tax expense

The tax assessed on the profit for the year is higher than (2019: higher than) the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%).

| | 2020 £ | 2019 £ |
|--|------------------|------------------|
| Profit before taxation | 2,636,642 | 907,246 |
| Profit multiplied by rate of tax | 500,962 | 172,377 |
| Effect of expenses not deductible for tax purposes | 3,157 | 1,207 |
| Effect of capital allowances and depreciation | - | 77 |
| Tax on profit | 504,119 | 173,661 |

Bect Building Contractors Limited

Notes to the financial statements (continued)
Year ended 30 June 2020

9. Dividends

Equity dividends

| | 2020 | 2019 |
|---|-------------|-------------|
| | £ | £ |
| Dividends paid during the year (excluding those for which a liability existed at the end of the prior year) | 556,475 | - |

10. Tangible assets

| | Plant and machinery | Fixtures, fittings and equipment | Motor vehicles | Total |
|------------------------|------------------------|--|-------------------|----------------|
| | £ | £ | £ | £ |
| Cost | | | | |
| At 1 July 2019 | 10,915 | 79,443 | 205,058 | 295,416 |
| Additions | - | 13,584 | - | 13,584 |
| Disposals | - | - | (13,681) | (13,681) |
| At 30 June 2020 | 10,915 | 93,027 | 191,377 | 295,319 |
| Depreciation | | | | |
| At 1 July 2019 | 10,915 | 46,494 | 122,622 | 180,031 |
| Charge for the year | - | 6,456 | 20,609 | 27,065 |
| Disposals | - | - | (13,681) | (13,681) |
| At 30 June 2020 | 10,915 | 52,950 | 129,550 | 193,415 |
| Carrying amount | | | | |
| At 30 June 2020 | - | 40,077 | 61,827 | 101,904 |
| At 30 June 2019 | - | 32,949 | 82,436 | 115,385 |

11. Debtors

| | 2020 | 2019 |
|-------------------------------------|------------------|------------------|
| | £ | £ |
| Trade debtors | 6,209,987 | 3,211,820 |
| Amounts owed by parent undertakings | 3,052,536 | - |
| Amounts recoverable on contracts | 19,787 | 471,438 |
| Prepayments and accrued income | 19,369 | 62,827 |
| Other debtors | 374,075 | 12,997 |
| | 9,675,754 | 3,759,082 |

Bect Building Contractors Limited

Notes to the financial statements (continued)
Year ended 30 June 2020

12. Creditors: amounts falling due within one year

| | 2020 | 2019 |
|---------------------------------|-------------|-------------|
| | £ | £ |
| Trade creditors | 5,150,946 | 3,245,147 |
| Accruals and deferred income | 16,460 | 19,716 |
| Social security and other taxes | 604,052 | 295,150 |
| Other creditors | 825,853 | 1,497,897 |
| | <hr/> | <hr/> |
| | 6,597,311 | 5,057,910 |
| | <hr/> | <hr/> |

The following charges are registered with Barclays Bank PLC :

- (a) Debenture dated 26 September 1989 over all the company's assets
- (b) Debenture and cross guarantee dated 25 June 2019 between Bect Building Contractors Limited and UTC Holdings Limited
- (c) Fixed charge over accounts dated 25 June 2019
- (d) Fixed charge over accounts dated 3 July 2020

13. Provisions

| | Deferred tax (note 14) | Total |
|------------------------|---------------------------|--------------|
| | £ | £ |
| At 1 July 2019 | 21,924 | 21,924 |
| Movement | (2,562) | (2,562) |
| At 30 June 2020 | <hr/> | <hr/> |
| | 19,362 | 19,362 |
| | <hr/> | <hr/> |

14. Deferred tax

The deferred tax included in the Balance sheet is as follows:

| | 2020 | 2019 |
|----------------------------------|-------------|-------------|
| | £ | £ |
| Included in provisions (note 13) | 19,362 | 21,924 |
| | <hr/> | <hr/> |

The deferred tax account consists of the tax effect of timing differences in respect of:

| | 2020 | 2019 |
|--------------------------------|-------------|-------------|
| | £ | £ |
| Accelerated capital allowances | 19,362 | 21,924 |
| | <hr/> | <hr/> |

Bect Building Contractors Limited

Notes to the financial statements (continued) Year ended 30 June 2020

15. Financial instruments

The carrying amount for each category of financial instrument is as follows:

| | 2020 | 2019 |
|--|-------------------|------------------|
| | £ | £ |
| Financial assets that are debt instruments measured at amortised cost | | |
| Trade debtors | 6,209,987 | 3,211,820 |
| Other debtors | 3,465,767 | 547,262 |
| Cash at bank and in hand | 1,495,154 | 4,285,458 |
| | <u>11,170,908</u> | <u>8,044,540</u> |
| Financial liabilities measured at amortised cost | | |
| Trade creditors | 5,150,946 | 3,245,147 |
| Other creditors | 1,446,365 | 1,812,763 |
| | <u>6,597,311</u> | <u>5,057,910</u> |

16. Operating leases

The company as lessee

The total future minimum lease payments under non-cancellable operating leases are as follows:

| | 2020 | 2019 |
|--|---------------|---------------|
| | £ | £ |
| Not later than 1 year | | |
| Later than 1 year and not later than 5 years | 14,060 | 34,946 |
| | <u>36,974</u> | <u>33,406</u> |
| | <u>51,034</u> | <u>68,352</u> |

17. Related party transactions

Propco Developments (Lamby Way) Limited is a 60% subsidiary of UTC Holdings Limited.

Net revenue of £1,124,979 was derived from work done for Propco Developments (Lamby Way) Limited during the year ended 30 June 2020. At the year end trade debtors included an amount of £1,349,975 due from Propco Developments (Lamby Way) Limited.

Bect Building Contractors Limited

Notes to the financial statements (continued)
Year ended 30 June 2020

18. Controlling party

The company is controlled by UTC Holdings Limited, a company situated in the United Kingdom who owns all the issued share capital of Bect Building Contractors Limited.

Bect Building Contractors Limited

The following pages do not form part of the statutory accounts.

Bect Building Contractors Limited

Year ended 30 June 2020

| | 2020 £ | 2019 £ |
|--|--------------------|--------------------|
| Turnover | | |
| Sales | 52,304,820 | 21,998,192 |
| Cost of sales | | |
| Materials | 8,039,947 | 3,269,825 |
| Professional fees | 1,016,243 | 903,130 |
| Accommodation and subsistence | 86,236 | 138,732 |
| Wages and salaries | 2,419,321 | 1,838,545 |
| Subcontract labour | 35,758,725 | 13,046,713 |
| Site management | 339,049 | - |
| Hire of plant and machinery | 842,020 | 533,803 |
| Insurances | 14,102 | 184,189 |
| Mileage claims | 60,011 | 51,972 |
| | <hr/> (48,575,654) | <hr/> (19,966,909) |
| Gross profit | 3,729,166 | 2,031,283 |
| Overheads | | |
| Distribution costs | 82,787 | 108,617 |
| Administrative expenses | 1,258,148 | 1,025,790 |
| | <hr/> (1,340,935) | <hr/> (1,134,407) |
| Other operating income | | |
| Coronavirus Job Retention Scheme | 247,448 | - |
| Operating profit | 2,635,679 | 896,876 |
| Other interest receivable and similar income | 963 | 10,372 |
| Interest payable and similar expenses | - | (2) |
| Profit before taxation | <hr/> 2,636,642 | <hr/> 907,246 |

Bect Building Contractors Limited

Detailed income statement (continued)
Year ended 30 June 2020

| | 2020 | 2019 |
|--|-------------|-------------|
| | £ | £ |
| Overheads | | |
| Distribution costs | | |
| Motor running expenses | 49,384 | 75,252 |
| Motor vehicle leasing | 7,172 | 15,058 |
| Entertaining and staff welfare | 26,231 | 18,307 |
| | <hr/> | <hr/> |
| | 82,787 | 108,617 |
| <hr/> | | |
| Administrative expenses | | |
| Wages and salaries | 162,706 | 153,434 |
| Directors remuneration | - | 323,200 |
| Employer's social security contributions | 16,974 | 61,217 |
| Staff pension costs - defined contribution | 52,653 | 30,732 |
| Management expenses | 560,952 | - |
| Rent and service charges payable | 35,677 | 37,953 |
| Rates | 12,307 | 29,376 |
| Insurance | 194,099 | 162,249 |
| Light and heat | 2,699 | 937 |
| Cleaning | 4,803 | 3,369 |
| Printing, postage and stationery | 9,617 | 21,217 |
| Telephone | 18,712 | 15,939 |
| Computer costs | 40,646 | 28,912 |
| Hire of equipment | 15,500 | 6,242 |
| Mileage claims | 1,512 | 10,140 |
| Legal and professional | 11,958 | 19,464 |
| Accountancy fees | 4,052 | 3,690 |
| Auditors remuneration | 11,900 | 6,000 |
| Bank charges | 619 | 717 |
| Protective clothing and training | 54,071 | 37,767 |
| General expenses | 4,161 | 1,019 |
| Subscriptions and donations | 15,465 | 34,822 |
| Depreciation of tangible assets | 27,065 | 37,794 |
| Gain/loss on disposal of tangible assets | - | (400) |
| | <hr/> | <hr/> |
| | 1,258,148 | 1,025,790 |
| <hr/> | | |

