Company Registration No. 00222595 (England and Wales)

ARTHUR M GRIFFITHS & SON LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

ARTHUR M GRIFFITHS & SON LIMITED

COMPANY INFORMATION

Directors	Mr S C Dix Mr R J Green Mr M J Walsh Mr G J Wildsmith
Secretary	Mr G J Wildsmith
Company number	00222595
Registered office	Thomas Street Wolverhampton West Midlands WV2 4BY
Auditor	James Holyoak & Parker Limited 1 Knights Court Archers Way Battlefield Enterprise Park Shrewsbury SY1 3GA

ARTHUR M GRIFFITHS & SON LIMITED

CONTENTS

ARTHUR M GRIFFITHS & SON LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The directors present the strategic report for the year ended 31 March 2019.

Fair review of the business
The principal activity of the company continued to be that of building contractors carrying out construction projects in the Education, Healthcare, Housing, Industrial, Commercial, Retail, Leisure and Heritage sectors.

The company continues to be successful in tendering for new work within the various market sectors with a tender successful strike rate of around 30%. The company continues to see record levels of tender enquiries due to our growing reputation within the Midlands construction market.

Whilst the company has capitalised on this reputation and secured more contracts, as noted last year, the economic climate and uncertainty surrounding Brexit continues, and this with the demise of several well established competitors in the Midlands Construction industry during the year has seen the commencement of these projects on site get deferred whilst clients seek reassurance of the economic conditions that the country and construction market is in.

The Directors believe that their prudence in the management of the overhead and resources over the last few years is starting to deliver results in both workload and profitability. It has allowed us to adapt to changes in market conditions and the deferment of those projects to ensure we remain competitive given those current market conditions. This has once again resulted in a record number of forthcoming orders for contracts within the £2m to £5m value range and has seen Turnover break the £30m barrier for the first time.

It has also been noticeable that the majority of orders are now let on a Design & Build basis for which the company is in a strong position moving forward due to our investment in both time and resources in developing our RoWeRS system build product. The RoWeRS product allows us to be more competitive in a Design and Build situation, as we remove the majority of risk from potential weather delays for the successful on time delivery of a project.

The significant investment made in the management, company structure. Trainee policy and the RoWeRS product over recent years has put the company in a position of readiness for future years of growth and profitability.

Principal risks and uncertainties
The company manages financial risk through the active involvement of all of the directors in conjunction with the senior management team who were put in place over the last few years. All contracts undertaken are closely monitored in respect of Health & Safety, quality, cost, profitability and on time delivery. There is a degree of exposure to price risk on any work undertaken by the company, but the directors minimise this by careful scrutiny of contract terms and avoidance of undue exposure to any one particular market sector or client.

To maximise AMG's bid success ratio in winning competitively tendered projects, the directors continually develop enhanced management procedures, constantly improve cost control, financial diligence and out turn cost predictability through a mixture of experienced and quality staff and innovation.

The company has a dedicated R&D strategy to ensure our continued growth through new ideas and processes. AMG has continued to develop, alongside our IT partners, our technology-based site management app (which included further new updates this year) to revolutionise our quality control systems & handover processes. This allows us to stay one step ahead of our competitors and enables us to be even more competitive in winning work in all market sectors.

The Directors have also maintained their commitment to investing in the future by maintaining their employment of trainee's and apprentices on a yearly basis in line with the company Training Policy, this is despite the continued volatility in the market and the country as a whole regarding Brexit.

The company continues to sustain a good level of liquidity as a result of both profitability and prudent management. There is continuing close financial control of ledger balances and individual contracts to ensure positive cash flows are maintained.

On behalf of the board

Mr R J Green
Director
14 November 2019

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The directors present their annual report and financial statements for the year ended 31 March 2019.

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

Mr S C Dix
Mr R J Green
Mr M J Walsh
Mr G J Wildsmith

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

Ordinary dividends were paid amounting to £420,000. The directors do not recommend payment of a further dividend.

Auditor
James Holyoak & Parker Limited were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities
The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and 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.

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 R J Green
Director

14 November 2019

ARTHUR M GRIFFITHS & SON LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ARTHUR M GRIFFITHS & SON LIMITED

Opinion

We have audited the financial statements of Arthur M Griffiths & Son Limited (the 'company') for the year ended 31 March 2019 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the 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 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with 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.

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.

Mr Jonathan Rimmer BSc FCA (Senior Statutory Auditor)
for and on behalf of James Holyoak & Parker Limited

14 November 2019

Chartered Accountants
Statutory Auditor

1 Knights Court
Archers Way
Battlefield Enterprise Park
Shrewsbury
SY1 3GA

ARTHUR M GRIFFITHS & SON LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	2018 £
Turnover	3	30,417,824	22,542,652
Change in stocks of finished goods and in work in progress		(22,123)	(194,213)
Other operating income		34,412	38,358
Raw materials and consumables		(3,816,926)	(3,313,616)
Other external expenses		(23,257,467)	(16,442,221)
Staff costs	5	(2,092,666)	(2,072,958)
Depreciation	4	(71,945)	(66,232)
Other operating expenses		(429,098)	(382,723)
Operating profit	4	762,011	109,047
Interest receivable and similar income	7	7,055	2,363
Interest payable and similar expenses	8	(227)	-
Profit before taxation		768,839	111,410
Tax on profit	9	(15,843)	(20,304)
Profit for the financial year		752,996	91,106

The profit and loss account has been prepared on the basis that all operations are continuing operations.

ARTHUR M GRIFFITHS & SON LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	2019 £	2018 £
Profit for the year	752,996	91,106
Other comprehensive income	-	-
Total comprehensive income for the year	752,996	91,106

ARTHUR M GRIFFITHS & SON LIMITED

BALANCE SHEET

AS AT 31 MARCH 2019

	Notes	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible assets	11		511,674		563,718
Current assets					
Stocks	12	3,000		24,623	
Debtors	13	4,889,431		4,045,613	
Cash at bank and in hand		2,931,181		2,574,157	
		7,823,612		6,644,393	
Creditors: amounts falling due within one year	14	(6,148,786)		(5,349,707)	
Net current assets			1,674,826		1,294,686
Total assets less current liabilities			2,186,500		1,858,404
Provisions for liabilities	15		(31,100)		(36,000)
Net assets			2,155,400		1,822,404
Capital and reserves					
Called up share capital	18		30,000		30,000
Revaluation reserve			107,795		107,795
Profit and loss reserves			2,017,605		1,684,609
Total equity			2,155,400		1,822,404

The financial statements were approved by the board of directors and authorised for issue on 14 November 2019 and are signed on its behalf by:

Mr R J Green
Director

Company Registration No. 00222595

ARTHUR M GRIFFITHS & SON LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Share capital £	Revaluation reserve £	Profit and loss reserves £	Total £
Balance at 1 April 2017		30,000	107,795	2,043,503	2,181,298
Year ended 31 March 2018:					
Profit and total comprehensive income for the year		-	-	91,106	91,106
Dividends	**10**	-	-	(450,000)	(450,000)
Balance at 31 March 2018		30,000	107,795	1,684,609	1,822,404
Year ended 31 March 2019:					
Profit and total comprehensive income for the year		-	-	752,996	752,996
Dividends	**10**	-	-	(420,000)	(420,000)
Balance at 31 March 2019		30,000	107,795	2,017,605	2,155,400

ARTHUR M GRIFFITHS & SON LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	2019 £	2018 £	2018 £
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	20		799,019		(192,152)
Interest paid			(227)		-
Income taxes paid			(8,922)		(80,319)
Net cash inflow/(outflow) from operating activities			789,870		(272,471)
Investing activities					
Purchase of tangible fixed assets		(41,301)		(68,889)	
Proceeds on disposal of tangible fixed assets		21,400		10,875	
Interest received		7,055		2,363	
Net cash used in investing activities			(12,846)		(55,651)
Financing activities					
Dividends paid		(420,000)		(450,000)	
Net cash used in financing activities			(420,000)		(450,000)
Net increase/(decrease) in cash and cash equivalents			357,024		(778,122)
Cash and cash equivalents at beginning of year			2,574,157		3,352,279
Cash and cash equivalents at end of year			2,931,181		2,574,157

1 Accounting policies

Company information

Arthur M Griffiths & Son Limited is a private company limited by shares incorporated in England and Wales. The registered office is Thomas Street, Wolverhampton, West Midlands, WV2 4BY.

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, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

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.

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.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

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:

Freehold land and buildings	Straight line - 1% (buildings only)
Plant and equipment	Straight line - 25% and 20%
Motor vehicles	Reducing balance - 25% and 30%

1 Accounting policies **(Continued)**

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.

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 and cash equivalents

Cash and cash equivalents 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 Accounting policies **(Continued)**

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.

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.

1 Accounting policies **(Continued)**

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 though 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.

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 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.

1 Accounting policies **(Continued)**

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.

1.11 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.

1.12 Retirement benefits

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

1.13 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

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

	2019	2018
	£	£
Turnover analysed by class of business		
Construction contracts	30,417,824	22,542,652

	2019	2018
	£	£
Other significant revenue		
Interest income	7,055	2,363
Grants received	19,669	23,615

4 Operating profit

	2019	2018
Operating profit for the year is stated after charging/(crediting):	£	£
Government grants	(19,669)	(23,615)
Fees payable to the company's auditor for the audit of the company's financial statements	8,000	10,000
Depreciation of owned tangible fixed assets	74,897	66,077
(Profit)/loss on disposal of tangible fixed assets	(2,952)	155
Cost of stocks recognised as an expense	3,839,049	3,507,829

5 Employees

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

	2019	2018
	Number	Number
Production staff	12	18
Administrative staff	43	35
	55	53

5 Employees **(Continued)**

Their aggregate remuneration comprised:

	2019	2018
	£	£
Wages and salaries	1,838,187	1,814,122
Social security costs	194,488	192,140
Pension costs	59,991	66,696
	2,092,666	2,072,958

6 Directors' remuneration

	2019	2018
	£	£
Remuneration for qualifying services	39,563	40,000

7 Interest receivable and similar income

	2019	2018
	£	£
Interest income		
Interest on bank deposits	7,055	2,363

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	7,055	2,363

8 Interest payable and similar expenses

	2019	2018
	£	£
Interest on financial liabilities measured at amortised cost:		
Other interest on financial liabilities	227	-

9 Taxation

	2019	2018
	£	£
Current tax		
UK corporation tax on profits for the current period	32,471	20,650
Adjustments in respect of prior periods	(11,728)	(346)
Total current tax	20,743	20,304
Deferred tax		
Origination and reversal of timing differences	(4,900)	-
Total tax charge	15,843	20,304

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019	2018
	£	£
Profit before taxation	768,839	111,410
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	146,079	21,168
Tax effect of expenses that are not deductible in determining taxable profit	-	742
Adjustments in respect of prior years	(11,728)	(346)
Permanent capital allowances in excess of depreciation	922	(1,302)
Research and development tax credit	(119,430)	-
Other	-	42
Taxation charge for the year	15,843	20,304

10 Dividends

	2019	2018
	£	£
Final paid	420,000	450,000

11 Tangible fixed assets

	Freehold land and buildings	Plant and equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 April 2018	350,000	412,112	104,135	866,247
Additions	-	32,355	8,946	41,301
Disposals	-	(29,250)	(5,300)	(34,550)
At 31 March 2019	350,000	415,217	107,781	872,998
Depreciation and impairment				
At 1 April 2018	-	237,560	64,969	302,529
Depreciation charged in the year	2,000	59,540	13,357	74,897
Eliminated in respect of disposals	-	(11,426)	(4,676)	(16,102)
At 31 March 2019	2,000	285,674	73,650	361,324
Carrying amount				
At 31 March 2019	348,000	129,543	34,131	511,674
At 31 March 2018	350,000	174,552	39,166	563,718

12 Stocks

	2019	2018
	£	£
Raw materials and consumables	3,000	2,500
Work in progress	-	22,123
	3,000	24,623

13 Debtors

	2019	2018
Amounts falling due within one year:	£	£
Trade debtors	2,015,349	2,369,511
Gross amounts owed by contract customers	2,820,676	1,613,420
Other debtors	25,694	34,178
Prepayments and accrued income	27,712	28,504
	4,889,431	4,045,613

14 Creditors: amounts falling due within one year

	2019	2018
	£	£
Payments received on account	-	84,370
Trade creditors	5,792,196	5,005,299
Amounts owed to group undertakings	3,500	3,500
Corporation tax	32,471	20,650
Other taxation and social security	252,241	84,038
Other creditors	8,911	73,731
Accruals and deferred income	59,467	78,119
	6,148,786	5,349,707

15 Provisions for liabilities

	Notes	2019	2018
		£	£
Deferred tax liabilities	16	31,100	36,000

16 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2019	Liabilities 2018
Balances:	£	£
Accelerated capital allowances	31,100	36,000

	2019
Movements in the year:	£
Liability at 1 April 2018	36,000
Credit to profit or loss	(4,900)
Liability at 31 March 2019	31,100

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.

17 Retirement benefit schemes

	2019	2018
Defined contribution schemes	**£**	**£**
Charge to profit or loss in respect of defined contribution schemes	59,991	66,696

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.

18 Share capital

	2019	2018
	£	**£**
Ordinary share capital		
Issued and fully paid		
30,000 Ordinary shares of £1 each	30,000	30,000

19 Financial commitments, guarantees and contingent liabilities

The company has given an unlimited guarantee in respect of any bank borrowings by its parent company. At 31 March 2019 these borrowings amounted to £nil.

20 Cash generated from/(absorbed by) operations

	2019	2018
	£	**£**
Profit for the year after tax	752,996	91,106
Adjustments for:		
Taxation charged	15,843	20,304
Finance costs	227	-
Investment income	(7,055)	(2,363)
(Gain)/loss on disposal of tangible fixed assets	(2,952)	155
Depreciation and impairment of tangible fixed assets	74,897	66,077
Movements in working capital:		
Decrease in stocks	21,623	194,213
Increase in debtors	(843,818)	(636,432)
Increase in creditors	787,258	74,788
Cash generated from/(absorbed by) operations	799,019	(192,152)

ARTHUR M GRIFFITHS & SON LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2019

		2019		2018
	£	£	£	£
Turnover				
Sales of goods		30,417,824		22,542,652
Cost of sales				
Opening work in progress - short term	22,123		216,336	
Raw materials purchases	3,816,926		3,313,616	
Closing work in progress - short term	-		(22,123)	
Wages and salaries	331,484		410,645	
Social security costs	29,001		45,615	
Subcontract labour	21,575,935		15,330,504	
Staff pension costs defined contribution	4,588		9,553	
Equipment repairs	4,781		7,797	
Hire of equipment (not operating lease)	790,445		563,712	
Motor running expenses	179,194		142,962	
Legal and professional fees	67,200		78,110	
Consultancy fees	124,110		52,312	
Site agents and engineers	515,802		266,824	
Depreciation	74,897		66,077	
		(27,536,486)		(20,481,940)
Gross profit	9.47%	2,881,338	9.14%	2,060,712
Other operating income				
Rent receivable	14,743		14,743	
Government grants receivable and released	19,669		23,615	
		34,412		38,358
Administrative expenses				
Wages and salaries	1,474,063		1,370,837	
Social security costs	165,487		146,525	
Staff welfare	32,237		42,120	
Staff training	31,976		24,001	
Staff pension costs defined contribution	55,403		57,143	
Directors' remuneration	32,640		32,640	
Rates	1,197		1,064	
Power, light and heat	7,248		5,577	
Equipment repairs	17,314		32,514	
Computer running costs	27,262		21,660	
Hire of equipment	756		7,736	
Postage, courier and delivery charges	33,173		24,049	
Professional subscriptions	1,419		1,736	
Training and levy costs	34,049		45,927	
Legal and professional fees	67,201		44,977	
Accountancy	23,873		11,500	
Audit fees	8,000		10,000	
Bank charges	7,935		4,278	
Insurances (not premises)	79,917		46,464	
Advertising	8,581		7,289	
Telecommunications	31,542		30,142	

ARTHUR M GRIFFITHS & SON LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

		2019		2018
	£	£	£	£
Sundry expenses	15,418		21,689	
Profit or loss on sale of tangible assets (non exceptional)	(2,952)		155	
		(2,153,739)		(1,990,023)
Operating profit		762,011		109,047
Investment revenues				
Bank interest received	7,055		2,363	
		7,055		2,363
Interest payable and similar expenses				
Non bank interest on loans		(227)		-
Profit before taxation		768,839		111,410