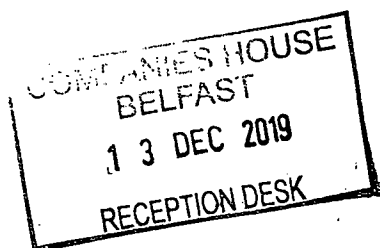


Company Number: NI035032

**Tracey Brothers Ltd**  
**Reports and Financial Statements**  
**for the year ended 31 March 2019**



Quarter  
Chartered Accountants and Statutory Auditors  
St Anne's House  
15 Church Street  
Belfast  
BT1 1PG

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## **Tracey Brothers Ltd**

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## **Tracey Brothers Ltd**

### **DIRECTORS AND OTHER INFORMATION**

**Directors**

G J Tracey  
R T Tracey

**Company Secretary**

Clara Slevin (Appointed 15 October 2018)  
P McBrien (Resigned 15 October 2018)

**Company Number**

NI035032

**Registered Office**

Drumlyon House  
Drumlyon  
Enniskillen  
BT74 5TB

**Business Address**

Drumlyon House  
Drumlyon  
Enniskillen  
Co. Fermanagh  
BT74 5TB

**Auditors**

Quarter  
Chartered Accountants and Statutory Auditors  
St Anne's House  
15 Church Street  
Belfast  
BT1 1PG

**Bankers**

First Trust Bank  
2/4 East Bridge Street  
Enniskillen  
Co Fermanagh

Allied Irish Bank  
Main Street  
Ballyshannon  
Co Donegal

**Solicitors**

Murnaghan Fee Solicitors  
Boston Chambers  
Queen Elizabeth Road  
Enniskillen  
Co Fermanagh  
BT74 7JA

# Tracey Brothers Ltd

## STRATEGIC REPORT

for the year ended 31 March 2019

### Review of the Company's Business

Tracey Brothers Ltd continue to be an established building, fit-out and Civil Engineering Contractor operating in the Construction Industry.

The Company has traded profitably this year and continues to operate in both UK and ROI.

### Principal Risks and Uncertainties

The operational complexities inherent in the business, together with the highly regulated and commercially competitive environment of the construction industry, leaves the company exposed to a number of significant risks. The company and its Directors have maintained a focus on mitigating those risks although recognise many remain outside of their control. The key risks are detailed below;

#### Business Performance Risk

The business environment continues to be challenging with key commercial risks being market conditions, uncertainty surrounding public expenditure levels, competitive pressures, costs of raw materials and labour, and customer credit risk. Increased political and macro-economic uncertainty following the result of the EU referendum has added to these risks.

#### Foreign Exchange Risk

Whilst the majority of trading this year has been generated in Northern Ireland, the company holds significant Euro reserves in the Bank and continues to trade in ROI. As such the company is exposed to some foreign exchange risk in the normal course of their business.

The Company's management endeavours to mitigate these risks by implementing regular strategic and operational reviews.

### Financial Key Performance Indicators

The company's key performance indicators are as follows:

#### 1. Building Profitability

A) Quantification of contract risk and price all work accordingly.

B) Driving value through changing the mix of our work undertaken and ensuring we get the right price for the construction we carry out.

C) Driving efficiency and managing cost through having a high proportion of standardised procedures.

#### 2. Total shareholder return

A) Maximising shareholder return through continued balance sheet growth.

### Health & Safety

Health and Safety is paramount in any construction company. As such Tracey Brothers Ltd operates a Health & Safety Management System through a scheme developed jointly by the Construction Employers Federation in Belfast and Construction Industry Federation in Dublin, a scheme developed specifically for the construction industry.

### Environment

Tracey Brothers Ltd operate an Environmental Management System to improve the company's performance and reduce waste as required by current legislation. The company operates this fully integrated system to facilitate effective quality environmental management and to deliver continual improvements whilst delivering a high standard of development to their clients.

On behalf of the board

G J Tracey  
Director

R T Tracey  
Director

11 November 2019

# **Tracey Brothers Ltd**

## **DIRECTORS' REPORT**

for the year ended 31 March 2019

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

### **Principal Activity**

The principal activity of the company during the year was the construction of property.

### **Results and Dividends**

The profit for the year after providing for depreciation and taxation amounted to £1,335,567 (2018 - £1,397,953).

The directors have paid a final dividend amounting to £200,000.

### **Directors**

The directors who served during the year are as follows:

G J Tracey

R T Tracey

There were no changes in shareholdings between 31 March 2019 and the date of signing the financial statements. Charitable donations of £4,780 (2018: £3,530) were made in the year ended 31 March 2019.

### **Future Developments**

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

### **Post Statement of Financial Position Events**

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

### **Charitable and political contributions**

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

### **Statement of Directors' Responsibilities**

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

In so far as the directors are aware:

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

### **Auditors**

The auditors, Quarter, (Chartered Accountants) have indicated their willingness to continue in office in accordance with the provisions of Section 485 of the Companies Act 2006.

**Tracey Brothers Ltd**  
**DIRECTORS' REPORT**

for the year ended 31 March 2019

On behalf of the board



---

G J Tracey  
Director

---

R T Tracey  
Director

11 November 2019



# **INDEPENDENT AUDITOR'S REPORT**

## **to the Shareholders of Tracey Brothers Ltd**

### **Report on the audit of the financial statements**

#### **Opinion**

We have audited the financial statements of Tracey Brothers Ltd ('the company') for the year ended 31 March 2019 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes to the financial statements, including a summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, when reporting in accordance with a fair presentation framework the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other Information**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Opinion on other matters prescribed by the Companies Act 2006**

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

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

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

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

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

- adequate accounting records have not been kept; or
- 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.

# **INDEPENDENT AUDITOR'S REPORT**

## **to the Shareholders of Tracey Brothers Ltd**

### **Responsibilities of directors for the financial statements**

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is contained in the appendix to this report, located at page 9, which is to be read as an integral part of our report.

### **Use of our report**

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



**Gary McErlean (Senior Statutory Auditor)**

**for and on behalf of**

**QUARTER**

Chartered Accountants and Statutory Auditors

St Anne's House

15 Church Street

Belfast

BT1 1PG

**11 November 2019**



## **Tracey Brothers Ltd**

# **APPENDIX TO THE INDEPENDENT AUDITOR'S REPORT**

### **Further information regarding the scope of our responsibilities as auditor**

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

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

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

# Tracey Brothers Ltd

## INCOME STATEMENT

for the year ended 31 March 2019

	Notes	2019 £	2018 £
<b>Revenue</b>	<b>5</b>	<b>24,489,348</b>	<b>28,827,304</b>
Cost of sales		<u>(21,456,784)</u>	<u>(25,500,919)</u>
<b>Gross profit</b>		<b>3,032,564</b>	<b>3,326,385</b>
Administrative expenses		<u>(1,641,958)</u>	<u>(1,646,868)</u>
Other operating income		<u>6,846</u>	<u>2,018</u>
<b>Operating profit</b>	<b>6</b>	<b>1,397,452</b>	<b>1,681,535</b>
Investment income	<b>7</b>	<b>22,542</b>	<b>21,702</b>
Other gains and losses	<b>8</b>	<b>(19,726)</b>	<b>(29,532)</b>
Finance income	<b>9</b>	<b>83,375</b>	<b>44,552</b>
Finance costs	<b>10</b>	<b>-</b>	<b>(599)</b>
<b>Profit before taxation</b>		<b>1,483,643</b>	<b>1,717,658</b>
Tax on profit	<b>12</b>	<b>(148,076)</b>	<b>(319,705)</b>
<b>Profit for the year</b>	<b>23</b>	<b>1,335,567</b>	<b>1,397,953</b>
<b>Total comprehensive income</b>		<b>1,335,567</b>	<b>1,397,953</b>

**Tracey Brothers Ltd**

Company Number: NI035032

**STATEMENT OF FINANCIAL POSITION**

as at 31 March 2019

	Notes	2019 £	2018 £
<b>Non-Current Assets</b>			
Property, plant and equipment	14	504,189	494,473
Financial assets	15	2,279,583	2,294,654
		<u>2,783,772</u>	<u>2,789,127</u>
<b>Current Assets</b>			
Inventories	16	3,586,551	3,065,915
Receivables	17	7,541,256	2,915,405
Cash and cash equivalents		17,095,580	14,094,783
		<u>28,223,387</u>	<u>20,076,103</u>
<b>Payables: Amounts falling due within one year</b>	18	<u>(14,193,335)</u>	<u>(7,903,511)</u>
<b>Net Current Assets</b>		<u>14,030,052</u>	<u>12,172,592</u>
<b>Total Assets less Current Liabilities</b>		<u>16,813,824</u>	<u>14,961,719</u>
<b>Payables</b>			
Amounts falling due after more than one year	19	(100,000)	(100,000)
<b>Provisions for liabilities</b>	21	<u>(2,454,810)</u>	<u>(1,738,272)</u>
<b>Net Assets</b>		<u>14,259,014</u>	<u>13,123,447</u>
<b>Equity</b>			
Called up share capital	22	400,000	400,000
Share premium account	23	100,000	100,000
Income statement	23	13,759,014	12,623,447
<b>Equity attributable to owners of the company</b>		<u>14,259,014</u>	<u>13,123,447</u>

Approved by the Board and authorised for issue on 11 November 2019 and signed on its behalf by

  
 \_\_\_\_\_  
 G J Tracey  
 Director

  
 \_\_\_\_\_  
 R T Tracey  
 Director

**Tracey Brothers Ltd****STATEMENT OF CHANGES IN EQUITY**

as at 31 March 2019

	Share capital	Share premium account	Retained earnings	Total
	£	£	£	£
<b>At 1 April 2017</b>	400,000	100,000	11,425,494	11,925,494
Profit for the year	-	-	1,397,953	1,397,953
Payment of dividends	-	-	(200,000)	(200,000)
<b>At 31 March 2018</b>	400,000	100,000	12,623,447	13,123,447
Profit for the year	-	-	1,335,567	1,335,567
Payment of dividends	-	-	(200,000)	(200,000)
<b>At 31 March 2019</b>	<b>400,000</b>	<b>100,000</b>	<b>13,759,014</b>	<b>14,259,014</b>

# Tracey Brothers Ltd

## STATEMENT OF CASH FLOWS

for the year ended 31 March 2019

	Notes	2019 £	2018 £
<b>Cash flows from operating activities</b>			
Profit for the year		1,335,567	1,397,953
Adjustments for:			
Investment income		(22,542)	(21,702)
Fair value gains and losses		19,726	29,532
Finance income		(83,375)	(44,552)
Finance costs		-	599
Tax on profit on ordinary activities		148,076	319,705
Depreciation		114,080	116,281
Profit/loss on disposal of property, plant and equipment		(22,746)	(5,703)
		<u>1,488,786</u>	<u>1,792,113</u>
Movements in working capital:			
Movement in provisions		752,693	88,708
Movement in inventories		(520,636)	3,527,405
Movement in receivables		(4,643,149)	705,052
Movement in payables		6,289,668	(4,524,978)
		<u>3,367,362</u>	<u>1,588,300</u>
Cash generated from operations		3,367,362	1,588,300
Interest paid		-	(599)
Tax paid		(184,075)	(473,327)
		<u>3,183,287</u>	<u>1,114,374</u>
<b>Net cash generated from operating activities</b>		<u>3,183,287</u>	<u>1,114,374</u>
<b>Cash flows from investing activities</b>			
Interest received		100,673	27,788
Dividends received		22,542	21,702
Payments to acquire property, plant and equipment		(132,050)	(73,319)
Payments to acquire investments		(4,655)	(202,018)
Receipts from sales of property, plant and equipment		31,000	5,703
		<u>17,510</u>	<u>(220,144)</u>
<b>Net cash generated from/(used in) investment activities</b>		<u>17,510</u>	<u>(220,144)</u>
<b>Cash flows from financing activities</b>			
Capital element of contracts		-	(10,597)
Dividends paid		(200,000)	(200,000)
		<u>(200,000)</u>	<u>(210,597)</u>
<b>Net cash used in financing activities</b>		<u>(200,000)</u>	<u>(210,597)</u>
<b>Net increase in cash and cash equivalents</b>		<u>3,000,797</u>	<u>683,633</u>
<b>Cash and cash equivalents at beginning of financial year</b>		<u>14,094,783</u>	<u>13,411,150</u>
<b>Cash and cash equivalents at end of financial year</b>	27	<u><u>17,095,580</u></u>	<u><u>14,094,783</u></u>

# Tracey Brothers Ltd

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

### 1. GENERAL INFORMATION

Tracey Brothers Ltd is a private company limited by shares incorporated in Northern Ireland, United Kingdom. The registered office is Drumlyon House, Drumlyon, Enniskillen, BT74 5TB, company registration number NI035032. The functional currency of the company is sterling.

### 2. ACCOUNTING POLICIES

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

#### Statement of compliance

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

#### Basis of preparation

The financial statements have been prepared on the going concern basis and in accordance with the historical cost convention except for certain properties and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

#### Revenue

Turnover represents the total invoice value, excluding value added tax, of sales made during the year. Contract revenue from construction contracts is determined from the stage of completion of individual contracts.

#### Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. Management judgements and estimations have been made prudently based on past experience and knowledge spanning a number of years.

#### Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost or at valuation, less accumulated depreciation. The charge to depreciation is calculated to write off the original cost or valuation of property, plant and equipment, less their estimated residual value, over their expected useful lives as follows:

Plant and machinery	- 20% reducing balance
Fixtures, fittings and equipment	- 15% reducing balance
Motor vehicles	- 20% reducing balance
Computer Equipment	- 15% reducing balance

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

#### Leasing and hire purchases

Property, plant and equipment held under leasing and Hire Purchases arrangements which transfer substantially all the risks and rewards of ownership to the company are capitalised and included in the Statement of Financial Position at their cost or valuation, less depreciation. The corresponding commitments are recorded as liabilities. Payments in respect of these obligations are treated as consisting of capital and interest elements, with interest charged to the Income Statement.

#### Financial assets

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value. Income from other investments together with any related tax credit is recognised in the income statement in the year in which it is receivable.

#### Inventories

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

# Tracey Brothers Ltd

## NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 March 2019

### Trade and other receivables

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

### Borrowing costs

Borrowing costs relating to the acquisition of assets are capitalised at the appropriate rate by adding them to the cost of assets being acquired. Investment income earned on the temporary investment of specific borrowings pending their expenditure on the assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### Provisions

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

The directors review all company jobs on a contract by contract basis, and assess whether a provision is required to be accounted for. In such cases, the directors measure the value of the provision accordingly.

### Trade and other payables

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

### Related parties

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

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

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

### Employee benefits

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

In addition to the above the company provides a range of short term benefits to employees which are recognised as an expense in the period in which the service is received.

# Tracey Brothers Ltd

## NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 March 2019

### Taxation and deferred taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax in the future, or a right to pay less tax in the future. Timing differences are temporary differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured on an undiscounted basis at the tax rates that are anticipated to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

### Foreign currencies

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

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(a) Critical judgements in applying the company's accounting policies

(b) Key accounting estimates and assumptions

Accounting judgements, estimates and assumptions have been applied to the company's accounting policies in determining liabilities regarding provisions at 31 March 2019.

## 4. LIABILITY LIMITATION AGREEMENT

The limitation of the firm's liability for this engagement, which is capped at five times the amount of professional fees actually paid, is referenced in the letter of engagement dated 1st April 2019. This was approved on 10th May 2019.

## 5. REVENUE

The revenue for the year has been derived from:-

	2019 £	2018 £
UK	21,946,985	26,321,807
Europe	2,301,376	2,275,511
Other sales	240,987	229,986
	<u>24,489,348</u>	<u>28,827,304</u>

Revenue attributable to geographical markets outside the UK amounted to 9% for the year.

## 6. OPERATING PROFIT

	2019 £	2018 £
<b>Operating profit is stated after charging/(crediting):</b>		
Depreciation of property, plant and equipment	114,080	116,281
Profit on disposal of property, plant and equipment	(22,746)	(5,703)
Loss/(profit) on foreign currencies	18,594	(35,210)
Auditor's remuneration		
- audit services	14,500	14,500
	<u>114,080</u>	<u>116,281</u>



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**NOTES TO THE FINANCIAL STATEMENTS**

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for the year ended 31 March 2019

<b>7. INCOME FROM INVESTMENTS</b>	<b>2019</b> <b>£</b>	<b>2018</b> <b>£</b>
Investment income	<u>22,542</u>	<u>21,702</u>
<b>8. OTHER GAINS AND LOSSES</b>	<b>2019</b> <b>£</b>	<b>2018</b> <b>£</b>
Fair value gains and losses are as follows:		
Investments in shares	<u>(19,726)</u>	<u>(29,532)</u>
<b>9. FINANCE INCOME</b>	<b>2019</b> <b>£</b>	<b>2018</b> <b>£</b>
Bank interest	82,235	44,552
Other interest	<u>1,140</u>	<u>-</u>
	<u>83,375</u>	<u>44,552</u>
<b>10. FINANCE COSTS</b>	<b>2019</b> <b>£</b>	<b>2018</b> <b>£</b>
Hire purchase interest	<u>-</u>	<u>599</u>

**11. EMPLOYEES AND REMUNERATION**

**Number of employees**

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

	<b>2019</b> <b>Number</b>	<b>2018</b> <b>Number</b>
Production Staff	48	40
Administrative Staff	<u>24</u>	<u>30</u>
	<u>72</u>	<u>70</u>

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

	<b>2019</b> <b>£</b>	<b>2018</b> <b>£</b>
Wages and salaries	1,803,292	1,779,520
Social security costs	177,969	177,142
Pension costs	<u>105,130</u>	<u>102,057</u>
	<u>2,086,391</u>	<u>2,058,719</u>

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**12. TAX ON PROFIT**

	2019 £	2018 £
<b>(a) Analysis of charge in the year</b>		
<b>Current tax:</b>		
Corporation tax at 19.00% (2018 - 19.00%)	268,610	334,355
Under/over provision in prior year	(84,379)	(4,982)
Total current tax	<u>184,231</u>	<u>329,373</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(36,155)	(9,668)
Total deferred tax	<u>(36,155)</u>	<u>(9,668)</u>
Tax on profit (Note 12 (b))	<u><u>148,076</u></u>	<u><u>319,705</u></u>

**(b) Factors affecting tax charge for the year**

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

	2019 £	2018 £
Profit taxable at 19.00%	<u>1,483,643</u>	<u>1,717,658</u>
Profit before tax		
multiplied by the standard rate of corporation tax		
in the UK at 19.00% (2018 - 19.00%)	281,892	326,355
<b>Effects of:</b>		
Expenses not deductible for tax purposes	-	124
Capital allowances for period in excess of depreciation	(12,686)	6,303
Deferred tax	(36,155)	(9,668)
Profit from Partnership	(61)	85
Non taxable income/expense	3,748	5,611
Dividends	(4,283)	(4,123)
Adjustment to tax charge in respect of previous periods	(84,379)	(4,982)
Total tax charge for the year (Note 12 (a))	<u><u>148,076</u></u>	<u><u>319,705</u></u>

**13. DIVIDENDS**

	2019 £	2018 £
Dividends on equity shares:		
Ordinary Shares Class 1 - Final paid	<u>200,000</u>	<u>200,000</u>

**Tracey Brothers Ltd**  
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for the year ended 31 March 2019

**14. PROPERTY, PLANT AND EQUIPMENT**

	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Computer Equipment	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 April 2018	2,834,703	412,118	629,513	97,292	3,973,626
Additions	111,295	-	12,700	8,055	132,050
Disposals	(37,500)	-	(21,000)	-	(58,500)
At 31 March 2019	2,908,498	412,118	621,213	105,347	4,047,176
<b>Depreciation</b>					
At 1 April 2018	2,578,519	379,210	471,622	49,802	3,479,153
Charge for the year	67,575	4,936	33,237	8,332	114,080
On disposals	(33,650)	-	(16,596)	-	(50,246)
At 31 March 2019	2,612,444	384,146	488,263	58,134	3,542,987
<b>Carrying amount</b>					
At 31 March 2019	<u>296,054</u>	<u>27,972</u>	<u>132,950</u>	<u>47,213</u>	<u>504,189</u>
At 31 March 2018	<u>256,184</u>	<u>32,908</u>	<u>157,891</u>	<u>47,490</u>	<u>494,473</u>

**15. FINANCIAL FIXED ASSETS**

	Other unlisted investments	Total
	£	£
<b>Investments</b>		
<b>Cost or Valuation</b>		
At 1 April 2018	2,294,654	2,294,654
Additions	4,655	4,655
Revaluations	(19,726)	(19,726)
At 31 March 2019	2,279,583	2,279,583
<b>Carrying amount</b>		
At 31 March 2019	<u>2,279,583</u>	<u>2,279,583</u>
At 31 March 2018	<u>2,294,654</u>	<u>2,294,654</u>

**16. INVENTORIES**

	2019	2018
	£	£
Work in progress	1,573,891	1,009,810
Stock, finished goods and goods for resale	2,012,660	2,056,105
	<u>3,586,551</u>	<u>3,065,915</u>

The replacement cost of stock did not differ significantly from the figures shown.

Stock included 25 residential apartments, all of which were fully developed, and one further development site.

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<b>17. RECEIVABLES</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Trade receivables	7,102,752	2,007,602
Amounts owed by connected parties	1,964	1,964
Taxation and social security costs (Note 20)	-	836,283
Prepayments and accrued income	436,540	69,556
	<u>7,541,256</u>	<u>2,915,405</u>

The amounts owed by connected parties are unsecured, interest free and are repayable on demand.

<b>18. PAYABLES</b>	<b>2019</b>	<b>2018</b>
<b>Amounts falling due within one year</b>	<b>£</b>	<b>£</b>
Trade payables	950,662	818,006
Taxation and social security costs (Note 20)	1,414,516	258,295
Directors' current accounts (Note 24)	200,000	200,000
Other creditors	10,126	13,284
Accruals	11,618,031	6,613,926
	<u>14,193,335</u>	<u>7,903,511</u>

Security

Counter indemnity in respect of letter of take-out in favour of AIB Bank €500,000.  
Counter indemnity in respect of contract/guarantee bond in favour of £222,828.  
Counter indemnity in respect of contract/guarantee bond in favour of £33,100.  
Counter indemnity in respect of contract/guarantee bond in favour of €37,475.  
Counter indemnity in respect of contract/guarantee bond in favour of £272,355.  
Counter indemnity in respect of contract/guarantee bond in favour of £1,051,889.

<b>19. PAYABLES</b>	<b>2019</b>	<b>2018</b>
<b>Amounts falling due after more than one year</b>	<b>£</b>	<b>£</b>
Shares classified as financial liabilities (Note 22)	100,000	100,000
	<u>100,000</u>	<u>100,000</u>

<b>20. TAXATION AND SOCIAL SECURITY</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Receivables:</b>		
VAT	-	836,283
<b>Payables:</b>		
VAT	1,125,503	-
Corporation tax	184,275	184,119
PAYE / NI	104,738	74,176
	<u>1,414,516</u>	<u>258,295</u>

**Tracey Brothers Ltd**  
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for the year ended 31 March 2019

**21. PROVISIONS FOR LIABILITIES**

The amounts provided for deferred taxation are analysed below:

	Capital allowances	Other differences	Other provisions	Total	Total
	£	£	£	2019 £	2018 £
At year start	57,644	-	1,680,628	1,738,272	1,659,232
Charged to profit and loss	5,283	(41,438)	752,693	716,538	79,040
At year end	<u>62,927</u>	<u>(41,438)</u>	<u>2,433,321</u>	<u>2,454,810</u>	<u>1,738,272</u>

**22. SHARE CAPITAL**

			2019 £	2018 £
Description	Number of shares	Value of units		
<b>Allotted, called up and fully paid</b>				
Ordinary Shares Class 1	400,000	£1 each	<u>400,000</u>	<u>400,000</u>

The above ordinary shares are amounts presented as equity.

In addition to the above there are 100,000 Preference shares of £1 each presented in liabilities, £100,000 (2018; £100,000).

**23. RESERVES**

	Share premium account £	Profit and loss account £	Total £
At 1 April 2018	100,000	12,623,447	12,723,447
Profit for the year	-	1,335,567	1,335,567
Capital contribution	-	-	-
Payment of dividends	-	(200,000)	(200,000)
At 31 March 2019	<u>100,000</u>	<u>13,759,014</u>	<u>13,859,014</u>

**Share Premium Reserve**

There was no movement on the share premium account during the financial year.

**24. DIRECTORS' REMUNERATION AND TRANSACTIONS**

	2019 £	2018 £
Remuneration	136,114	135,155
Pension contributions	40,000	40,000
	<u>176,114</u>	<u>175,155</u>

**Tracey Brothers Ltd**  
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for the year ended 31 March 2019

The following amounts are repayable to the directors:

	2019 £	2018 £
G J Tracey	100,000	100,000
R T Tracey	100,000	100,000
	<u>200,000</u>	<u>200,000</u>

**25. RELATED PARTY TRANSACTIONS**

	Balance 2019 £	Movement in year £	Balance 2018 £	Maximum in year £
The Sidings (Enniskillen) Management Company Limited	1,964	-	1,964	1,964

Tracey Brothers Limited is a partner in Tracey Brothers Partnership. As at 1st April 2018, Tracey Brothers Limited held an investment, by way of capital account of £1,683,553 within Tracey Brothers Partnership. During the financial year net transactions of £4,655 occurred. Therefore at the 31st March 2019, the investment in Tracey Brothers Partnership was £1,688,208.

Tracey Brothers Partnership charged rent of £75,000 and management charges of £45,000 to Tracey Brothers Limited during the financial year. These are included within accruals as at 31st March 2019.

G J Tracey is a shareholder in both Tracey Brothers Ltd and The Sidings (Enniskillen) Management Company Ltd during the year ended 31st March 2019. At the beginning of the year, Tracey Brothers Ltd were owed £1,963. No further transactions occurred during the year, thus Tracey Brothers Ltd were still owed £1,963 at the balance sheet date.

**26. CONTROLLING INTEREST**

The ultimate controlling interest is Gabriel J Tracey (50%), Richard T Tracey (50%).

**27. CASH AND CASH EQUIVALENTS**

	2019 £	2018 £
Cash and bank balances	<u>17,095,580</u>	<u>14,094,783</u>

**28. PRIOR YEAR ADJUSTMENT**

The Directors have reviewed their allocation of costs, and have reallocated some expenses from cost of sales to administration costs, in the comparative period to 31st March 2018. This has resulted in an increase of 0.2% in the gross profit percentage in the comparative period. There has been no effect on the company's net profit or balance sheet position for the year ended 31st March 2018.