COMPANY REGISTRATION NUMBER: 5417720

Hacs Holdings Limited

Financial Statements

31 December 2018

Hacs Holdings Limited

Financial Statements

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Hacs Holdings Limited

Strategic Report

Year ended 31 December 2018

The Director presents the Strategic Review of the company for the year ended 31 December 2018.

Principal activity

The company's principal activity for the year was that of a holding company. The principal trading company HACS Construction Limited is engaged as a building and civil engineering contractor.

Fair review of the business

The year ended 31 December 2018 has seen further strengthening of the balance sheet derived from both increased turnover on previous years and an improved gross profit margin. A strong demand for services in the region has ensured a continued rise in enquiries and tenders won, with turnover increasing to £15.6m (2017: £11.5m) in the year.

The Director and directors of the subsidiaries therefore continued with their selective tendering and negotiation of projects to ensure the projects secured were the most suitable in both type and location to help maintain gross margins, giving rise to a profit before tax of £801,690 (2017: £930,609) in the year, which has further improved the strength of the balance sheet.

The secured projects rolling forward into 2019 cover a substantial percentage of the required turnover for the year and with enquiries still very strong, the directors are budgeting for further increase of turnover in 2019 yielding similar gross profit margin percentage.

Key Performance Indicators

The director considers that revenue, gross profit and cash flows from operating activities assist in providing an understanding of the development and performance or position of the Company's business and believe that an analysis using other KPIs for the Company is not necessary or appropriate.

Principal risks and uncertainties

The principal direct risks and uncertainties relating to the business are in relation to its various long term contracts and the potential for cost overruns to significantly affect gross margins. The principal direct risks and uncertainties relating to the business are in relation to its various long-term contracts and the potential for cost overruns to significantly affect gross margins. These risks are mitigated through the experience of the senior management team and the close monitoring of its contracts.

More generally, the company is exposed to risks associated with wider economic factors, competition, financing and changes made to the various laws and regulations it must comply with, all of which can have a direct impact on its business. Management continue to monitor and respond to these factors as they arise whilst also planning investment for the medium term based around all available economic data both on a local and national basis.

Brexit risk

Whilst the Brexit negotiations over the last 3 years have resulted in a general reduction in confidence in the construction industry, in the opinion of the directors the current outlook is that the lack of appetite for large civil engineering and construction works could worsen in the event of a "no-Brexit" outcome to the current discussions. The directors have reviewed the likely implications of Brexit on its business and concluded that the risks are minimal as long as there is some form of "orderly Brexit mechanism". The risk would increase, although not materially, if there were to be any kind of "non-orderly" Brexit or a "no-deal Brexit."

This report was approved by the board of directors on 13 September 2019 and signed on behalf of the board by:

Mr M Smith
Director

Registered office:
Nidderdale House
Station Yard
Ripley
Harrogate
North Yorkshire
HG3 3BA

Hacs Holdings Limited

Director's Report

Year ended 31 December 2018

The director presents his report and the financial statements of the group for the year ended 31 December 2018.

Director

The director who served the company during the year was as follows:

Mr M Smith

Dividends

Particulars of recommended dividends are detailed in note 13 to the financial statements.

Financial instruments

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 entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Disclosure of information in the strategic report

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, the Company has prepared a Strategic Report, which includes information that would have previously been included in the Directors' Report.

Director's responsibilities statement

The director is responsible for preparing the strategic report, director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the group and the company and the profit or loss of the group for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 director is 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. He is 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.

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 group and 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 group and 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 13 September 2019 and signed on behalf of the board by:

Mr M Smith
Director

Registered office:
Nidderdale House
Station Yard
Ripley
Harrogate
North Yorkshire
HG3 3BA

Independent Auditor's Report to the Members of Hacs Holdings Limited

Year ended 31 December 2018

Opinion

We have audited the financial statements of Hacs Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and the related notes, 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).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 group 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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent 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 director is 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.

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 director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the director's report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the director

As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is responsible for assessing the group's and the parent 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 director either intends to liquidate the group or the parent 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 and 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Andrew Wild BA FCA (Senior Statutory Auditor)

For and on behalf of
TLP Consulting Limited
Chartered accountant & statutory auditor

3 Greengate
Cardale Park
Harrogate
HG3 1GY

13 September 2019

Hacs Holdings Limited

Consolidated Statement of Comprehensive Income

Year ended 31 December 2018

	Note	2018 £	2017 £
Turnover	4	**15,601,021**	11,534,791
Cost of sales		**13,837,577**	9,574,946
Gross profit		**1,763,444**	1,959,845
Administrative expenses		**1,557,947**	1,579,056
Other operating income	5	**644,796**	601,947
Operating profit	6	**850,293**	982,736
Other interest receivable and similar income	10	**97**	129
Interest payable and similar expenses	11	**48,700**	52,256
Profit before taxation		**801,690**	930,609
Tax on profit	12	**120,953**	180,523
Profit for the financial year and total comprehensive income		**680,737**	750,086
Profit for the financial year attributable to:			
The owners of the parent company		**643,986**	713,565
Non-controlling interests		**36,751**	36,521
		680,737	750,086

All the activities of the group are from continuing operations.

Hacs Holdings Limited

Consolidated Statement of Financial Position

31 December 2018

	Note		2018 £	2017 £
Fixed assets				
Tangible assets	15		**5,117,022**	5,000,577
Current assets				
Debtors	17	**3,255,044**		3,511,945
Cash at bank and in hand		**1,957,900**		400,637
		5,212,944		3,912,582
Creditors: ***amounts falling due within one year***	18	**6,622,368**		5,589,336
Net current liabilities			**1,409,424**	1,676,754
Total assets less current liabilities			**3,707,598**	3,323,823
Creditors: amounts falling due after more than one year	19		**975,007**	1,063,780
Provisions				
Taxation including deferred tax	21		**338,038**	335,227
Net assets			**2,394,553**	1,924,816
Capital and reserves				
Called up share capital	25		**100**	100
Profit and loss account			**2,566,628**	2,004,142
Equity attributable to the owners of the parent company			**2,566,728**	2,004,242
Non-controlling interests			**(172,175)**	(79,426)
			2,394,553	1,924,816

These financial statements were approved by the board of directors and authorised for issue on 13 September 2019, and are signed on behalf of the board by:

Mr M Smith
Director

Company registration number: 5417720

The notes on pages 14 to 27 form part of these financial statements.

Hacs Holdings Limited

Company Statement of Financial Position

31 December 2018

	Note		2018	2017
			£	£
Fixed assets				
Tangible assets	15		**1,990,202**	1,990,202
Investments	16		**559,500**	559,500
			2,549,702	2,549,702
Current assets				
Debtors	17	**556,175**		730,287
Cash at bank and in hand		**3,044**		5,680
		559,219		735,967
Creditors: amounts falling due within one year	18	**1,732,794**		1,893,735
Net current liabilities			**1,173,575**	1,157,768
Total assets less current liabilities			**1,376,127**	1,391,934
Creditors: amounts falling due after more than one year	19		**429,149**	481,036
Provisions				
Taxation including deferred tax	21		**57,094**	53,639
Net assets			**889,884**	857,259
Capital and reserves				
Called up share capital	25		**100**	100
Profit and loss account			**889,784**	857,159
Shareholders funds			**889,884**	857,259

The profit for the financial year of the parent company was £114,496 (2017: £216,945).

These financial statements were approved by the board of directors and authorised for issue on 13 September 2019, and are signed on behalf of the board by:

Mr M Smith
Director

Company registration number: 5417720

The notes on pages 14 to 27 form part of these financial statements.

Hacs Holdings Limited

Consolidated Statement of Changes in Equity

Year ended 31 December 2018

		Called up share capital £	Profit and loss account £	**Equity attributable to the owners of the parent company £**	Non-controlling interests £	**Total £**
At 1 January 2017		100	1,345,577	1,345,677	(13,947)	1,331,730
Profit for the year			713,565	713,565	36,521	750,086
Total comprehensive income for the year		–	713,565	713,565	36,521	750,086
Dividends paid and payable	**13**	–	(55,000)	(55,000)	(102,000)	(157,000)
Total investments by and distributions to owners		–	(55,000)	(55,000)	(102,000)	(157,000)
At 31 December 2017		100	2,004,142	**2,004,242**	(79,426)	**1,924,816**
Profit for the year			643,986	**643,986**	36,751	**680,737**
Total comprehensive income for the year		–	643,986	**643,986**	36,751	**680,737**
Dividends paid and payable	**13**	–	(81,500)	**(81,500)**	(129,500)	**(211,000)**
Total investments by and distributions to owners		–	(81,500)	**(81,500)**	(129,500)	**(211,000)**
At 31 December 2018		100	2,566,628	**2,566,728**	(172,175)	**2,394,553**

The notes on pages 14 to 27 form part of these financial statements.

Hacs Holdings Limited

Company Statement of Changes in Equity

Year ended 31 December 2018

		Called up share capital	Profit and loss account	**Total**
		£	£	**£**
At 1 January 2017		100	695,214	695,314
Profit for the year			216,945	216,945
Total comprehensive income for the year		–	216,945	216,945
Dividends paid and payable	**13**	–	(55,000)	(55,000)
Total investments by and distributions to owners		–	(55,000)	(55,000)
At 31 December 2017		100	856,788	**856,888**
Profit for the year			114,496	**114,496**
Total comprehensive income for the year		–	114,496	**114,496**
Dividends paid and payable	**13**	–	(81,500)	**(81,500)**
Total investments by and distributions to owners		–	(81,500)	**(81,500)**
At 31 December 2018		100	889,784	**889,884**

The notes on pages 14 to 27 form part of these financial statements.

Hacs Holdings Limited

Consolidated Statement of Cash Flows

Year ended 31 December 2018

	2018	2017
	£	£
Cash flows from operating activities		
Profit for the financial year	**680,737**	750,086
Adjustments for:		
Depreciation of tangible assets	**524,785**	480,706
Government grant income	**(671)**	(447)
Other interest receivable and similar income	**(97)**	(129)
Interest payable and similar expenses	**48,700**	52,256
Loss on disposal of tangible assets	**50,815**	59,953
Tax on profit	**120,953**	180,523
Accrued expenses	**63,187**	208,596
Changes in:		
Trade and other debtors	**256,901**	(563,586)
Trade and other creditors	**1,154,232**	442,287
Cash generated from operations	**2,899,542**	1,610,245
Interest paid	**(48,700)**	(52,256)
Interest received	**97**	129
Tax paid	**(150,032)**	(49,273)
Net cash from operating activities	**2,700,907**	1,508,845
Cash flows from investing activities		
Purchase of tangible assets	**(939,296)**	(1,366,352)
Proceeds from sale of tangible assets	**247,251**	316,821
Net cash used in investing activities	**(692,045)**	(1,049,531)
Cash flows from financing activities		
Proceeds from borrowings	**(52,040)**	982,282
Proceeds from loans from participating interests	**(25,000)**	202,000
Government grant income	**671**	447
Payments of finance lease liabilities	**(164,230)**	(866,201)
Dividends paid	**(211,000)**	(157,000)
Net cash (used in)/from financing activities	**(451,599)**	161,528
Net increase in cash and cash equivalents	**1,557,263**	620,842
Cash and cash equivalents at beginning of year	**400,637**	(220,205)
Cash and cash equivalents at end of year	**1,957,900**	400,637

The notes on pages 14 to 27 form part of these financial statements.

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Nidderdale House, Station Yard, Ripley, Harrogate, North Yorkshire, HG3 3BA.

2. Statement of compliance

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

3. Accounting policies

Basis of preparation

Going Concern

The financial statements have been prepared on the going concern basis. This basis is deemed appropriate following the continued support of the group's ongoing access to banking facilities. The directors are confident that the bank will continue to renew these facilities and will operate within these facilities for the foreseeable future. Therefore on the basis that the banking faculties continue to be renewed, the directors are confident that the going concern basis of preparing the accounts is is appropriate.

Amounts recoverable on long term contracts

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provisions for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

Group capital structure

The group has a simple capital structure and its principle financial asset is fixed assets. The group has no material exposure to market risk or currency risk, and the directors manage its exposure to liquidity risk by maintaining adequate cash reserves.

Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

(a) Disclosures in respect of each class of share capital have not been presented.
(b) No cash flow statement has been presented for the company.
(c) Disclosures in respect of financial instruments have not been presented.
(d) No disclosure has been given for the aggregate remuneration of key management personnel.

3. Accounting policies *(continued)*

Consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Non-controlling interests

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination.

The proportions of profit or loss and changes in equity allocated to the owners of the parent and to the minority interests are determined on the basis of existing ownership interests and do not reflect the possible exercise or conversion of options or convertible instruments.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revenue recognition

The turnover shown in the profit and loss account is the revenue from the performance of the exchange of transactions from the supply of construction work during the year, exclusive of value added tax.

In respect of long-term contracts and contracts for ongoing services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Income tax

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

3. **Accounting policies** *(continued)*

Income tax *(continued)*

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.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	-	10% straight line

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

Tangible assets

Tangible assets are initially recorded at cost, and 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 equity, 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 equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity 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 & Machinery	-	10 / 20% reducing balance
Motor Vehicles	-	20 / 25% reducing balance
Equipment	-	10 / 20% reducing balance

The director has chosen not to depreciate freehold property in order to ensure that the accounts present a true and fair view. The company regularly maintains the property in order to maintain its useful economic life and value to the business. As a result, it has not depreciated the asset in accordance with FRS 15 Tangible Fixed Assets. The director deems that this is wholly appropriate in the circumstances.

3. Accounting policies *(continued)*

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Investments in associates

Investments in associates are accounted for using the equity method of accounting, whereby the investment is initially recognised at the transaction price and subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate.

Investments in joint ventures

Investments in joint ventures are accounted for using the equity method of accounting, whereby the investment is initially recognised at the transaction price and subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the joint venture.

Impairment of fixed assets

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.

For the purposes of impairment testing, 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 largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

3. Accounting policies *(continued)*

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 statement of financial position 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 as a finance cost in profit or loss in the period it arises.

3. Accounting policies *(continued)*

Financial instruments

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 entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

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 as a finance cost in profit or loss in the period in which it arises.

4. Turnover

Turnover arises from:

	2018	2017
	£	£
Sale of goods	**1,427,517**	1,612,301
Rendering of services	**50,000**	50,000
Construction contracts	**14,123,504**	9,872,490
	15,601,021	11,534,791

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

5. Other operating income

	2018	2017
	£	£
Rental income	**39,625**	26,500
Management charges receivable	**604,500**	575,000
Government grant income	**671**	447
	644,796	601,947

6. Operating profit

Operating profit or loss is stated after charging:

	2018	2017
	£	£
Depreciation of tangible assets	**524,785**	480,706
Loss on disposal of tangible assets	**50,815**	59,953
Impairment of trade debtors	**5,363**	–

7. Auditor's remuneration

	2018	2017
	£	£
Fees payable for the audit of the financial statements	**19,500**	21,300

8. Staff costs

The average number of persons employed by the group during the year, including the director, amounted to:

	2018	2017
	No.	No.
Production staff	**56**	51
Administrative staff	**25**	27
Management staff	**9**	8
	90	86

The aggregate payroll costs incurred during the year, relating to the above, were:

	2018	2017
	£	£
Wages and salaries	**1,447,199**	1,328,035
Social security costs	**245,206**	214,305
Other pension costs	**32,266**	18,632
	1,724,671	1,560,972

9. Director's remuneration

The director's aggregate remuneration in respect of qualifying services was:

	2018	2017
	£	£
Remuneration	**150,173**	145,160
Company contributions to defined contribution pension plans	**2,595**	2,222
	152,768	147,382

10. Other interest receivable and similar income

	2018	2017
	£	£
Interest on bank deposits	**97**	129

11. Interest payable and similar expenses

	2018	2017
	£	£
Interest on banks loans and overdrafts	**11,548**	16,193
Interest on obligations under finance leases and hire purchase contracts	**37,152**	36,063
	48,700	52,256

12. Tax on profit

Major components of tax expense

	2018	2017
	£	£
Current tax:		
UK current tax expense	**143,013**	175,090
Adjustments in respect of prior periods	**(24,871)**	–
Total current tax	**118,142**	175,090
Deferred tax:		
Origination and reversal of timing differences	**2,811**	5,433
Tax on profit	**120,953**	180,523

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2017: higher than) the standard rate of corporation tax in the UK of 19% (2017: 19%).

	2018	2017
	£	£
Profit on ordinary activities before taxation	**801,690**	930,609
Profit on ordinary activities by rate of tax	**152,321**	176,816
Adjustment to tax charge in respect of prior periods	**(24,871)**	2,242
Effect of expenses not deductible for tax purposes	**3,384**	1,579
Unused tax losses	**(3,192)**	(5,547)
Movement in deferred tax not provided	**2,811**	5,433
Other tax adjustment to increase/(decrease) tax liability	**(9,500)**	–
Tax on profit	**120,953**	180,523

13. Dividends

	2018	2017
	£	£
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	**211,000**	157,000

14. Intangible assets

Group	**Goodwill**
	£
Cost	
At 1 January 2018 and 31 December 2018	**249,513**
Amortisation	
At 1 January 2018 and 31 December 2018	**249,513**
Carrying amount	
At 1 January 2018 and 31 December 2018	**–**
At 31 December 2017	–

The company has no intangible assets.

15. Tangible assets

Group	Freehold property	Plant and machinery	Motor vehicles	Equipment	**Total**
	£	£	£	£	**£**
Cost					
At 1 January 2018	2,043,594	3,770,349	521,822	27,437	**6,363,202**
Additions	–	801,415	137,881	–	**939,296**
Disposals	–	(492,861)	(58,064)	–	**(550,925)**
At 31 December 2018	2,043,594	4,078,903	601,639	27,437	**6,751,573**
Depreciation					
At 1 January 2018	–	1,078,446	256,742	27,437	**1,362,625**
Charge for the year	–	446,730	78,055	–	**524,785**
Disposals	–	(212,856)	(40,003)	–	**(252,859)**
At 31 December 2018	–	1,312,320	294,794	27,437	**1,634,551**
Carrying amount					
At 31 December 2018	2,043,594	2,766,583	306,845	–	**5,117,022**
At 31 December 2017	2,043,594	2,691,903	265,080	–	5,000,577

15. Tangible assets *(continued)*

Company	Freehold property £	Equipment £	Total £
Cost			
At 1 January 2018 and 31 December 2018	1,990,202	27,437	**2,017,639**
Depreciation			
At 1 January 2018 and 31 December 2018	–	27,437	**27,437**
Carrying amount			
At 31 December 2018	1,990,202	–	**1,990,202**
At 31 December 2017	1,990,202	–	1,990,202

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

Group	Plant and machinery £	Motor vehicles £	Total £
At 31 December 2018	1,968,494	153,955	**2,122,449**
At 31 December 2017	1,980,294	181,759	2,162,053

The company has no tangible assets held under finance lease or hire purchase agreements.

16. Investments

The group has no investments.

Company	Shares in group undertakings £
Cost	
At 1 January 2018 and 31 December 2018	**559,500**
Impairment	
At 1 January 2018 and 31 December 2018	–
Carrying amount	
At 1 January 2018 and 31 December 2018	**559,500**
At 31 December 2017	559,500

16. Investments *(continued)*

Subsidiaries, associates and other investments

Details of the investments in which the parent company has an interest of 20% or more are as follows:

	Class of share	Percentage of shares held
Subsidiary undertakings		
HACS Construction Limited	Ordinary £1 Share	90
HACS Plant Hire Limited	Ordinary £1 Share	100

17. Debtors

	Group		Company	
	2018	2017	**2018**	2017
	£	£	**£**	£
Trade debtors	**1,966,347**	2,029,306	**–**	9,450
Amounts owed by group undertakings	**–**	–	**537,689**	702,700
Amounts owed by undertakings in which the company has a participating interest	**7,911**	7,911	**7,911**	7,911
Prepayments and accrued income	**221,930**	252,766	**6,731**	6,605
Amounts recoverable on contracts	**776,152**	550,483	**–**	–
Other debtors	**282,704**	671,479	**3,844**	3,621
	3,255,044	3,511,945	**556,175**	730,287

18. Creditors: amounts falling due within one year

	Group		Company	
	2018	2017	**2018**	2017
	£	£	**£**	£
Bank loans and overdrafts	**47,665**	48,065	**47,665**	48,065
Trade creditors	**3,400,625**	3,051,378	**7,642**	7,382
Amounts owed to group undertakings	**–**	–	**633,691**	693,229
Amounts owed to undertakings in which the company has a participating interest	**873,519**	898,519	**873,519**	898,519
Accruals and deferred income	**1,380,717**	316,269	**158,050**	227,686
Corporation tax	**143,015**	174,905	**11,588**	11,962
Social security and other taxes	**189,921**	315,908	**–**	–
Obligations under finance leases and hire purchase contracts	**474,612**	601,956	**–**	–
Director loan accounts	**639**	392	**639**	392
Other creditors	**111,655**	181,944	**–**	6,500
	6,622,368	5,589,336	**1,732,794**	1,893,735

19. Creditors: amounts falling due after more than one year

	Group		Company	
	2018	2017	**2018**	2017
	£	£	**£**	£
Bank loans and overdrafts	**429,149**	481,036	**429,149**	481,036
Obligations under finance leases and hire purchase contracts	**545,858**	582,744	**–**	–
	975,007	1,063,780	**429,149**	481,036

Included within creditors: amounts falling due after more than one year is an amount of £238,490 (2017: £285,164) for the group and £238,490 (2017: £285,164) for the company in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

Loans are secured by fixed and floating charges over the assets of the group. Loans included in amounts due after more than 5 years are repayable quarterly at a rate of 3.84%

20. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	Group		Company	
	2018	2017	**2018**	2017
	£	£	**£**	£
Not later than 1 year	**474,612**	601,956	**–**	–
Later than 1 year and not later than 5 years	**545,858**	582,744	**–**	–
	1,020,470	1,184,700	**–**	–

21. Provisions

Group	**Deferred tax (note 22)**
	£
At 1 January 2018	**335,227**
Additions	**3,455**
Charge against provision	**(644)**
At 31 December 2018	**338,038**

Company	**Deferred tax (note 22)**
	£
At 1 January 2018	**53,639**
Additions	**3,455**
At 31 December 2018	**57,094**

22. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	Group		Company	
	2018	2017	**2018**	2017
	£	£	**£**	£
Included in provisions (note 21)	**338,038**	335,227	**57,094**	53,639

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

	Group		Company	
	2018	2017	**2018**	2017
	£	£	**£**	£
Accelerated capital allowances	**338,038**	335,227	**57,094**	53,639

23. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £29,671 (2017: £16,410).

24. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	Group		Company	
	2018	2017	**2018**	2017
	£	£	**£**	£
Recognised in other operating income:				
Government grants recognised directly in income	**671**	447	**–**	–

25. Called up share capital

Issued, called up and fully paid

	2018		2017	
	No.	**£**	No.	£
Ordinary shares of £1 each	**100**	**100**	100	100

26. Contingencies

The group has provided an unlimited inter company guarantee in favour of National Westminster Bank plc, for all overdrawn balances within the group.

27. Director's advances, credits and guarantees

The directors loan account remained in credit throughout the current year. There were no guarantees in the year.

28. Related party transactions

Company

The group was under the control of the director throughout the current and previous year. Mr M Smith is the managing director and the majority shareholder.

The company has claimed the exemption available under FRS102 Section 33, from disclosing transactions with other Group entities where all subsidiaries that are party to the transaction are wholly owned by a member of the Group.

Sales of £4,894,005 (2017: £5,614,385) and purchases of £934,237 (2017: £876,756) were made with businesses under common control. The group was owed £167,645 (2017: £217,134) at the year end.

29. Related party transactions

Group

Sales of £5,614,385 (2017: £5,039,670) and purchases of £876,756 (2017: £599,709) were made with businesses under common control. The group was owed £217,134 (2017: £556,259) at the year end.

Company

The group was under the control of the director throughout the current and previous year. Mr M Smith is the managing director and the majority shareholder.

The company has claimed the exemption available under FRS102 Section 33, from disclosing transactions with other Group entities where all subsidiaries that are party to the transaction are wholly owned by a member of the Group.