

Collins (Contractors) Limited

Annual Report and Financial Statements

For the year ended 31 December 2022

Company Registration No. 00236372 (England and Wales)

Collins (Contractors) Limited

Company Information

Directors	P.M. Lavender E.J. Lavender B.T. Watson J. Blake
Secretary	B.T. Watson
Company number	00236372
Registered office	Cray Avenue Orpington Kent BR5 3QB
Auditor	Moore Kingston Smith LLP Betchworth House 57-65 Station Road Redhill Surrey RH1 1DL
Business address	Cray Avenue Orpington Kent BR5 3QB
Bankers	HSBC Bank Plc 47 Rye Lane Peckham London SE15 5ET

Collins (Contractors) Limited

Strategic Report

For the year ended 31 December 2022

The directors present the strategic report for the year ended 31 December 2022.

Fair review of the business

Over the last year the company has continued to perform well, and turnover has significantly increased to £19,279,140 in 2022 compared to £17,158,401 in 2021. The company's operating profit has marginally increased from £1,783,434 to £1,789,817 which is attributable to the increase in turnover on a reduced percentage gross profit. The directors are aware of the overall reduced profit margin for 2022 but are aware that some larger projects were undertaken at a reduced margin. The directors are also aware of the increase in overheads and administration costs.

The company's profit before tax is £1,808,674 which is an excellent result for the company.

The company continues to have a strong balance sheet with the net assets of £3,258,079 which is a slight decrease on the year before £3,374,403 but further payments have been made to fund the management buyout.

The first five months of 2023 have seen the company win over £10.70m of new orders.

The company has built strong relationships with existing customers and is committed to winning repeat business.

The company is continuing to carry out additional due diligence around any new clients.

The company is fully aware of the requirements to resource new projects whilst continuing to provide a high quality service to its clients. The company continues to maintain its reputation with leading Consultants, Surveyors and Architects within London and the South East and is confident that 2023 will be another profitable year.

The directors have taken on more management staff and are confident that with the work won to date in 2023, the profit margin will be up to earlier years expectations and are confident that turnover will be similar to 2022.

Staff requirements are constantly under review to meet the increase in turnover, internal promotion and external recruitment are always under consideration.

The company moved in February 2023 from Ladywell South East London to more modern open plan offices in Orpington. This allowed us to create a bespoke office space with meeting rooms, break out and leisure facilities. This has created an efficient work space and the Management Team and senior staff can interact to ensure administration or project concerns can be dealt with immediately.

Principal risks and uncertainties

Currently the company considers its risks to comprise of the following:

i) Liquidity

The principal risk to the company is that clients and suppliers may have their working capital facilities restricted in the current economic climate which would affect the company. The company manages its liquidity risks by imposing strict review processes at project commencement with prompt cash collection and credit control throughout each project. The company has maintained a strong cash balance of £1.37m (2021 £1.34m). The company meets its day to day working capital requirements through the use of existing funds without the need for a bank overdraft or any other external funding.

The company is therefore not exposed to bank interest rate charges, and remains financially strong.

Collins (Contractors) Limited

Strategic Report (Continued)

For the year ended 31 December 2022

ii) Inflation

The company is still aware of the current changing inflation rate and has found increases in materials and suppliers' costs difficult to predict. The directors are taking care and consideration of these factors when entering into any fixed price contracts. The volatility in fuel and material costs make tendering and completion of existing projects challenging. The strong cash balance enables the company to negotiate supply costs and if required, purchase upfront to avoid future price increases. The directors have noted that prices for materials have levelled out, and enables the company to continue to tender on a fixed price basis.

The company considers itself to be financially robust in the current market.

ii) Health, Safety & Environment

The maintenance of a safe working environment is of prime importance to the company and the company continually monitors and improves its procedures to achieve this. The company continued to further strengthen its health and safety management during the course of the year and funded continuous training and personal development for its employees.

iii) Supply Chain

The directors are aware that with the increase in turnover the Management Team are constantly reviewing, and adding to the supply chain to ensure suitable and adequate resources are available for each project.

iv) Our People

To continue with the success of the company we rely on every member of staff within the organization to continue to focus, and commit to providing the high level of service that our clients have received and expect to receive from Collins.

Management continue to review and provide further training to our employees to ensure they develop their skills, which will enhance the companies reputation and their own careers. The Management Team will continue to arrange the annual company training day for all our site employees, which also forms a relaxed team building atmosphere.

On behalf of the board

P.M. Lavender
Director

25 July 2023

Collins (Contractors) Limited

Directors' Report

For the year ended 31 December 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

Principal activities

The principal activity of the company throughout the year was that of Specialist Interior and Exterior Refurbishment Contractors.

Results and dividends

The results for the year are set out on page 10.

Ordinary dividends were paid amounting to £1,612,809. The directors do not recommend payment of a further dividend.

Directors

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

P.M. Lavender
E.J. Lavender
B.T. Watson
J. Blake

Auditor

In accordance with the company's articles, a resolution proposing that Moore Kingston Smith LLP be reappointed as auditor of the company will be put at a General Meeting.

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

P.M. Lavender
Director

25 July 2023

Collins (Contractors) Limited

Directors' Responsibilities Statement

For the year ended 31 December 2022

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.

Collins (Contractors) Limited

Independent Auditor's Report

To the Members of Collins (Contractors) Limited

Opinion

We have audited the financial statements of Collins (Contractors) Limited (the 'company') for the year ended 31 December 2022 which comprise the Statement of Income and Retained Earnings, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including 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 December 2022 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Collins (Contractors) Limited

Independent Auditor's Report (Continued)

To the Members of Collins (Contractors) Limited

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 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.

Collins (Contractors) Limited

Independent Auditor's Report (Continued)

To the Members of Collins (Contractors) Limited

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK) we exercise professional 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 purposes 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.

Collins (Contractors) Limited

Independent Auditor's Report (Continued)

To the Members of Collins (Contractors) Limited

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Collins (Contractors) Limited

Independent Auditor's Report (Continued)

To the Members of Collins (Contractors) Limited

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.

Darren Jordan (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP

31 July 2023

Chartered Accountants
Statutory Auditor

Betchworth House
57-65 Station Road
Redhill
Surrey
RH1 1DL

Collins (Contractors) Limited

Statement of Income and Retained Earnings

For the year ended 31 December 2022

	Notes	2022 £	2021 £
Turnover	3	19,279,140	17,158,401
Cost of sales		(15,510,227)	(13,625,753)
Gross profit		<u>3,768,913</u>	<u>3,532,648</u>
Administrative expenses		(1,979,096)	(1,768,679)
Other operating income		-	19,465
Operating profit	4	<u>1,789,817</u>	<u>1,783,434</u>
Interest receivable and similar income	8	20,117	347
Interest payable and similar expenses	9	(1,260)	(1,260)
Profit before taxation		<u>1,808,674</u>	<u>1,782,521</u>
Tax on profit	10	(312,189)	(303,864)
Profit for the financial year		<u>1,496,485</u>	<u>1,478,657</u>
Retained earnings brought forward		3,133,773	3,309,371
Dividends	11	(1,612,809)	(1,654,255)
Retained earnings carried forward		<u><u>3,017,449</u></u>	<u><u>3,133,773</u></u>

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

Collins (Contractors) Limited

Balance Sheet

As at 31 December 2022

	Notes	2022		2021	
		£	£	£	£
Fixed assets					
Tangible assets	12		110,264		89,822
Investments	13		750		750
			<u>111,014</u>		<u>90,572</u>
Current assets					
Stock	14	36,518		5,156	
Debtors	15	4,374,194		4,853,986	
Cash at bank and in hand		1,371,947		1,346,003	
		<u>5,782,659</u>		<u>6,205,145</u>	
Creditors: amounts falling due within one year	16	<u>(2,651,891)</u>		<u>(2,938,950)</u>	
Net current assets			<u>3,130,768</u>		<u>3,266,195</u>
Total assets less current liabilities			<u>3,241,782</u>		<u>3,356,767</u>
Creditors: amounts falling due after more than one year	17		(16,800)		(16,800)
Provisions for liabilities					
Deferred tax liability	18	33,097		34,436	
		<u>33,097</u>		<u>34,436</u>	
Net assets			<u>3,258,079</u>		<u>3,374,403</u>
Capital and reserves					
Called up share capital	20		239,057		239,057
Capital redemption reserve			1,573		1,573
Profit and loss reserves			3,017,449		3,133,773
			<u>3,258,079</u>		<u>3,374,403</u>
Total equity			<u>3,258,079</u>		<u>3,374,403</u>

The financial statements were approved by the board of directors and authorised for issue on 25 July 2023 and are signed on its behalf by:

P.M. Lavender
Director

E.J. Lavender
Director

Company Registration No. 00236372

Collins (Contractors) Limited

Statement of Changes in Equity

For the year ended 31 December 2022

	Share capital	Capital redemption reserve	Profit and loss reserves	Total
Notes	£	£	£	£
Balance at 1 January 2021	239,057	1,573	3,309,371	3,550,001
Year ended 31 December 2021:				
Profit and total comprehensive income for the year	-	-	1,478,657	1,478,657
Dividends	11	-	(1,654,255)	(1,654,255)
Balance at 31 December 2021	239,057	1,573	3,133,773	3,374,403
Year ended 31 December 2022:				
Profit and total comprehensive income for the year	-	-	1,496,485	1,496,485
Dividends	11	-	(1,612,809)	(1,612,809)
Balance at 31 December 2022	<u>239,057</u>	<u>1,573</u>	<u>3,017,449</u>	<u>3,258,079</u>

Collins (Contractors) Limited

Statement of Cash Flows

For the year ended 31 December 2022

		2022		2021	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	25	2,132,570		1,267,147	
Interest paid		(1,260)		(1,260)	
Income taxes paid		(459,907)		(254,180)	
Net cash inflow from operating activities		1,671,403		1,011,707	
Investing activities					
Purchase of tangible fixed assets		(82,767)		(7,234)	
Proceeds on disposal of tangible fixed assets		30,000		22,450	
Interest received		20,117		347	
Net cash (used in)/generated from investing activities		(32,650)		15,563	
Financing activities					
Dividends paid		(1,612,809)		(1,654,255)	
Net cash used in financing activities		(1,612,809)		(1,654,255)	
Net increase/(decrease) in cash and cash equivalents		25,944		(626,985)	
Cash and cash equivalents at beginning of year		1,346,003		1,972,988	
Cash and cash equivalents at end of year		1,371,947		1,346,003	

Collins (Contractors) Limited

Notes to the Financial Statements

For the year ended 31 December 2022

1 Accounting policies

Company information

Collins (Contractors) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Cray Avenue, Orpington, Kent, United Kingdom, BR5 3QB.

1.1 Accounting convention

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

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

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

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. The company has continued to trade profitably this year and has a strong balance sheet and cash position. As a result the directors believe that the company will be able to continue in business and meet its liabilities as they fall due for a period of at least twelve months from the date of approval of the financial statements.

1.3 Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Construction contracts

Revenue arises from the increase in the value of work performed on construction contracts and on the value of services provided during the year. Where the outcome of a long term contract can be reliably estimated and it is probable that the contract will be profitable, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date. Stage of completion is assessed on the output basis, by reference to the proportion of the work certified to date relative to the estimated total contract value. Variations and claims are included in revenue where it is probable that the amount, which can be measured reliably, will be recovered from the client. When the outcome of a long-term contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable those costs will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Construction work in progress is stated at cost plus profit recognised to date less a provision for foreseeable losses and less amounts to be billed, and is included in amounts recoverable on contracts. Cost includes all expenditure related directly to specific projects and an appropriate allocation of fixed and variable overheads based on normal operating capacity. Amounts valued and billed to clients are included in trade debtors. Where cash received from customers exceeds the value of work performed, the amount is included in credit balances on long term contracts.

Collins (Contractors) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

1 Accounting policies

(Continued)

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:

Plant and machinery	25% reducing balance
Fixtures, Fittings and Office Equipment	25% reducing balance and 20% straight line
Motor Vehicles	25% straight line

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 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

1.6 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.

1.7 Construction contracts

Long-term contract balances classified under the balance sheet heading of "Amounts recoverable on contracts" with "Debtors" are stated at total costs incurred, net of amounts in respect of work carried out to date less foreseeable losses and applicable payments on account.

Cumulative turnover (i.e. the total turnover recorded in respect of contracts in the profit and loss accounts of all accounting periods since the inception of the contract) is compared with total payments on account. If the turnover exceeds payments on account an "amount recoverable on contracts" is established and separately disclosed within debtors. If the payments on account are greater than turnover to date, the excess is classified as a deduction from any balance on that contract in stocks with any residual balance in excess of cost being classified as creditors.

The attributable profit on long-term contracts is recognised once their outcome can be assessed with reasonable certainty. The profit recognised reflects the proportion of work completed to date on the project.

1.8 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.

Collins (Contractors) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

1 Accounting policies

(Continued)

1.9 Financial instruments

The company only has basic financial instruments measured at amortised cost, with no financial instruments classified as 'other' or basic instruments measured at fair value.

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.

Other financial liabilities

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

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

Derecognition of financial liabilities

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

Collins (Contractors) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

1 Accounting policies

(Continued)

1.10 Equity instruments

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

1.11 Taxation

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

Current tax

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

Deferred tax

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

1.12 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.

1.13 Retirement benefits

The company makes contributions to Collins (Contractors) Limited Directors' Pension Scheme, a defined contribution scheme, the assets of the scheme being held separately from the assets of the company. The company makes contributions on behalf of its employees to both personal pension schemes and defined contribution schemes. Contributions payable are charged to the profit and loss account in the year they are payable.

1.14 Leases

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

Collins (Contractors) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

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.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Stage of completion on contracts

The stage of completion on contracts is a key area of judgement as it determines the value of profit recognised on a contract in the financial statements.

The directors have a wealth of experience in assessing the work performed on a contract to date and determining the remaining costs to complete, through assessments and judgements being made on the recovery of pre-contract costs, changes in the scope of work, contract programmes, maintenance and change in costs. This enables them to determine the stage of completion on a contract and therefore the gross profit to recognise in the financial statements.

Retention provision

Provisions against retentions are liabilities of uncertain timing or amount and therefore in making a reliable estimate of the amount and timing of liabilities judgement is applied and re-evaluated at each reporting date.

3 Turnover and other revenue

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

	2022	2021
	£	£
Other significant revenue		
Interest income	20,117	347
Grants received	-	19,465
Contract revenue arising on construction contracts	19,279,140	17,158,401
	<u> </u>	<u> </u>

Collins (Contractors) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

4 Operating profit

	2022	2021
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	-	(19,465)
Fees payable to the company's auditor for the audit of the company's financial statements	17,680	15,550
Depreciation of owned tangible fixed assets	49,169	55,827
Profit on disposal of tangible fixed assets	(16,844)	(22,450)
Operating lease charges	80,614	75,310
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2022	2021
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	17,680	15,550
	<u> </u>	<u> </u>

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was 62 (2021: 51).

Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	2,771,749	2,324,619
Social security costs	312,309	254,049
Pension costs	94,600	92,263
	<u> </u>	<u> </u>
	3,178,658	2,670,931
	<u> </u>	<u> </u>

7 Directors' remuneration

	2022	2021
	£	£
Remuneration for qualifying services	330,186	345,860
Company pension contributions to defined contribution schemes	32,000	36,000
	<u> </u>	<u> </u>
	362,186	381,860
	<u> </u>	<u> </u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2021 - 4).

Collins (Contractors) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

7 Directors' remuneration (Continued)

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2022	2021
	£	£
Remuneration for qualifying services	97,500	114,505
	<u> </u>	<u> </u>

8 Interest receivable and similar income

	2022	2021
	£	£
Interest income		
Interest on bank deposits	20,117	347
	<u> </u>	<u> </u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	20,117	347
	<u> </u>	<u> </u>

9 Interest payable and similar expenses

	2022	2021
	£	£
Interest on financial liabilities measured at amortised cost:		
Dividends on redeemable preference shares not classified as equity	1,260	1,260
	<u> </u>	<u> </u>

10 Taxation

	2022	2021
	£	£
Current tax		
UK corporation tax on profits for the current period	312,189	301,246
	<u> </u>	<u> </u>
Deferred tax		
Origination and reversal of timing differences	-	2,618
	<u> </u>	<u> </u>
Total tax charge	312,189	303,864
	<u> </u>	<u> </u>

Collins (Contractors) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

10 Taxation

(Continued)

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:

	2022 £	2021 £
Profit before taxation	1,808,674	1,782,521
<i>Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)</i>	343,648	338,679
Tax effect of expenses that are not deductible in determining taxable profit	14,068	(1,846)
Group relief	(30,319)	(38,818)
Permanent capital allowances in excess of depreciation	(15,208)	3,231
Deferred tax adjustments in respect of prior years	-	2,618
Taxation charge for the year	312,189	303,864
11 Dividends	2022 £	2021 £
Final paid	1,612,809	1,654,255

Collins (Contractors) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

12 Tangible fixed assets

	Plant and machinery £	Fixtures, Fittings and Office Equipment £	Motor Vehicles £	Total £
Cost				
At 1 January 2022	4,812	91,445	208,598	304,855
Additions	532	6,770	75,465	82,767
Disposals	-	-	(57,409)	(57,409)
At 31 December 2022	<u>5,344</u>	<u>98,215</u>	<u>226,654</u>	<u>330,213</u>
Depreciation and impairment				
At 1 January 2022	4,812	79,638	130,583	215,033
Depreciation charged in the year	78	6,019	43,072	49,169
Eliminated in respect of disposals	-	-	(44,253)	(44,253)
At 31 December 2022	<u>4,890</u>	<u>85,657</u>	<u>129,402</u>	<u>219,949</u>
Carrying amount				
At 31 December 2022	<u>454</u>	<u>12,558</u>	<u>97,252</u>	<u>110,264</u>
At 31 December 2021	<u>-</u>	<u>11,807</u>	<u>78,015</u>	<u>89,822</u>

13 Fixed asset investments

	2022 £	2021 £
Unlisted investments	<u>750</u>	<u>750</u>

14 Stock

	2022 £	2021 £
Work in progress	36,307	1,991
Finished goods and goods for resale	211	3,165
	<u>36,518</u>	<u>5,156</u>

Collins (Contractors) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

15 Debtors

	2022	2021
	£	£
Amounts falling due within one year:		
Trade debtors	2,771,499	3,105,913
Amounts recoverable on contracts	1,481,559	1,665,659
Other debtors	53,596	2,639
Prepayments and accrued income	67,540	79,775
	<u>4,374,194</u>	<u>4,853,986</u>

16 Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	1,462,874	1,557,287
Amounts owed to group undertakings	4,550	4,550
Corporation tax	152,189	301,246
Other taxation and social security	856,290	910,255
Other creditors	3,757	2,365
Accruals and deferred income	172,231	163,247
	<u>2,651,891</u>	<u>2,938,950</u>

17 Creditors: amounts falling due after more than one year

	2022	2021
	£	£
Preference shares classed as a financial liability	<u>16,800</u>	<u>16,800</u>
Preference shares classified as financial liabilities		
In more than five years	<u>16,800</u>	<u>16,800</u>

Collins (Contractors) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

18 Deferred taxation

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

	Liabilities 2022	Liabilities 2021
	£	£
Balances:		
ACAs	(3,739)	(3,739)
General provisions	(29,358)	(30,697)
	<u>(33,097)</u>	<u>(34,436)</u>
		2022
Movements in the year:		£
Asset at 1 January 2022		(34,436)
Other		1,339
		<u>(33,097)</u>

The deferred tax asset set out above is expected to reverse within 12 months and relates to a general provision, that is expected to mature within the same period.

19 Retirement benefit schemes

	2022	2021
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	94,600	92,263
	<u>94,600</u>	<u>92,263</u>

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

Collins (Contractors) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

20 Share capital

	2022	2021
	£	£
Ordinary share capital		
Issued and fully paid		
239,057 Ordinary shares of £1 each	239,057	239,057
16,800 7.5% cumulative non-participating preference shares of £1 each	16,800	16,800
	<u>255,857</u>	<u>255,857</u>
Shares classed as liabilities	16,800	16,800
Shares classed within shareholders' funds	<u>239,057</u>	<u>239,057</u>
	<u>255,857</u>	<u>255,857</u>

21 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022	2021
	£	£
Within one year	75,546	76,990
Between two and five years	317,206	218,333
	<u>392,752</u>	<u>295,323</u>

Collins (Contractors) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

22 Related party transactions

Collins (Contractors) Limited Directors' Pension Scheme charged rent to the company, of which P.M. Lavender and E.J. Lavender are the beneficiaries, at open market value, amounting to £nil (2021: £15,000).

During the year the company incurred management expenses of £65,970 (2021: £66,670) from Victoria Project Management Limited. P.M. Lavender and E.J. Lavender are directors of Victoria Project Management Limited.

During the year the company incurred rental expenses of £60,000 (2021: £40,000) from Eynsford Property Investments Limited. P.M. Lavender and E.J. Lavender are directors of Eynsford Property Investments Limited.

Preference dividends totalling £1,035 (2021: £1,035) were paid to P.M. Lavender during the year.

Ordinary dividends totalling £1,612,809 (2021: £1,654,255) were paid to Collins Ladywell Limited during the year.

Preference dividends totalling £225 (2021: £225) were paid to N. D. Cardiff during the year.

23 Ultimate controlling party

The company is controlled by its parent, Collins Ladywell Limited, a company incorporated in England and Wales. The registered office is Cray Avenue, Orpington, Kent, BR5 3QB.

The ultimate controlling party are the directors of the company.

Group financial statements have been prepared for Collins Ladywell Limited and are publicly available from Cray Avenue, Orpington, Kent, BR5 3QB.

24 Subsidiaries

Details of the company's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Wall Plastics Limited	England & Wales	Dormant	Ordinary	100	0

Collins (Contractors) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

25 Cash generated from operations

	2022 £	2021 £
Profit for the year after tax	1,496,485	1,478,657
Adjustments for:		
Taxation charged	312,189	303,864
Finance costs	1,260	1,260
Investment income	(20,117)	(347)
Gain on disposal of tangible fixed assets	(16,844)	(22,450)
Depreciation and impairment of tangible fixed assets	49,169	55,827
Movements in working capital:		
(Increase)/decrease in stock	(31,362)	107,434
Decrease/(increase) in debtors	479,792	(1,346,000)
(Decrease)/increase in creditors	(138,002)	688,902
Cash generated from operations	<u>2,132,570</u>	<u>1,267,147</u>

26 Analysis of changes in net funds

	1 January 2022 £	Cash flows £	31 December 2022 £
Cash at bank and in hand	1,346,003	25,944	1,371,947
Borrowings excluding overdrafts	(16,800)	-	(16,800)
	<u>1,329,203</u>	<u>25,944</u>	<u>1,355,147</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.