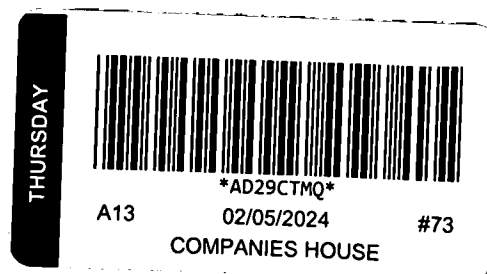


Company Registration No. 01481063 (England and Wales)

DERRY BUILDING SERVICES LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 AUGUST 2023



DERRY BUILDING SERVICES LIMITED

COMPANY INFORMATION

Directors	M G Townsend G Matthews R B Hughes
Secretary	M A Mucklestone
Company number	01481063
Registered office	The Old Hospital London Road Newark Nottinghamshire NG24 1JP
Auditor	RSM UK Audit LLP Chartered Accountants Suite A, 7th Floor East West Building 2 Tollhouse Hill Nottingham NG1 5FS

DERRY BUILDING SERVICES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 AUGUST 2023

The directors present the strategic report for the year ended 31 August 2023.

Fair review of the business, including KPI analysis, and future developments

The directors are pleased to report that 2023 has been another successful year for the company. Despite a challenging year which has seen the company continue to positively adapt working practices to suit the ever-changing landscape and inflation having a significant impact on material prices, turnover in the year has increased by 15.6% to £69.3m (2022: £60.0m), with the resultant profit before tax remaining strong at £2.8m (2022: £3.2m).

The statement of financial position further strengthened in the year with net assets of £22.1m at 31 August 2023 (2022: £20.8m), a 6.3% increase on the previous year.

The company continues to maintain a healthy cash at bank position, with a balance of £30.3m (2022: £31.7m) at the year-end.

Apprenticeships and training continue to be a major part of the success of the business, with 12 apprentices having been employed in 2023 and a total of 44 employees being enrolled on College / University courses during the year.

We continue to work hard developing our Health & Safety culture and have again received recognition for this with the company being awarded the RoSPA Order of Distinction, our 20th consecutive Gold Award.

The continual focus within the business of delivering total client satisfaction has enabled it to maintain and build relationships with existing clients, whilst at the same time strengthening the client base.

The company has had a strong start to the new financial year and the directors are confident that the business is well placed to achieve its forecast for 2024.

Principal risks and uncertainties and financial instruments

Financial

The company's principal financial instruments comprise the operational bank account. The main purpose of this financial instrument is to manage the company's funding and liquidity requirements. The company has other financial assets and liabilities such as trade debtors and trade creditors, which arise directly from its operations. The directors consider that the company's exposure to credit risk, liquidity risk and cash-flow risk is not material for the assessment of the assets, liabilities, financial position and the profit or loss of the company.

Human Resource

The company recognises that a key component to its success and to enable it to meet the challenges that it faces is the ability to attract, retain and develop the best people it can. The company has an excellent history in retaining its employees and will strive to continue to do this by ensuring staff development and training is encouraged at all levels by creating a work culture and environment that enables this to flourish. The average monthly number of persons directly employed during the year was 241 (2022: 239), with very low staff turnover recorded.

Supply Chain

An important facet of the business is the company's supply chain for products and materials. The company has long standing and synergistic relationships with its key suppliers. Our procurement department works closely with all suppliers in order to ensure we achieve the best quality and price whilst minimising risk by ensuring that we are not over reliant upon any particular supplier. Recognising the importance of the supply chain, the company continues to hold an annual supply chain awards, with awards being issued for Quality, Health & Safety, Best Sub-Contractor and Best Supplier.

Health and Safety

The health and safety of all employees and customers is of vital importance to the company. The company has in place processes and procedures that it believes will mitigate health and safety risks. These policies and procedures are regularly reviewed to ensure all are up to date and meet the needs of all concerned.

DERRY BUILDING SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

Section 172 statement

The directors consider, both individually and collectively, that in the decisions taken during the financial year they have satisfied the requirements of section 172 of the Companies Act 2006 ("s172") in performing their duties, to promote the success of the company for the benefit of its members, as a whole, and in doing so having regard to the stakeholders and matters outlined in that section which will have an impact on the long-term success of the company.

The directors recognise that they have an important role in assessing and monitoring that the desired culture is embedded in the values, attitudes and behaviours that the company demonstrates, including our activities and stakeholder relationships.

When making decisions, each director ensures that they consider, in good faith, what would most likely promote the company's success for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- *the likely consequences of any decision in the long term*, by setting the regular process of budgeting and forecasting over the short term in the context of the longer-term strategic plan.
- *the interests of the company's employees*, as the directors recognise that employees are fundamental and core to our business and the delivery of our strategic ambitions. The success of our business is dependent upon attracting, retaining and motivating employees and ensuring that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment. The directors factor the implications of decisions on employees and the wider workforce, where relevant and feasible.
- *the need to foster the company's business relationships with suppliers, customers and others*, to develop strong, mutually beneficial relationships to deliver our strategy.
- *the impacts of the company's operations on the community and the environment*, the directors seek to recognise the effects of their long-term decisions, and the ongoing operational activities in the context of the communities in which it operates, as well as the environment in general.
- *the desirability of the company maintaining a reputation for high standards of business conduct*, and in recognising that the company needs to provide its solutions and services in ways which are economically, environmentally and socially responsible and seeks to make its long-term decisions and undertake its daily operations in that context.
- *the need to act fairly between members of the company*, and after consideration of all the relevant factors as outlined above, the directors consider which course of action best enables the delivery of their strategy through the long-term, taking into consideration the impact on stakeholders.

By order of the board

M A Mucklestone

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M A Mucklestone
Secretary

Date: 23/04/24

DERRY BUILDING SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2023

The directors present their annual report and financial statements for the year ended 31 August 2023.

Principal activities

The principal activity of the company continued to be that of mechanical services engineering and electrical contracts.

Directors

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

M G Townsend
G Matthews
R B Hughes

Results and dividends

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

A final dividend of £860,000 (2022: £1,185,000) was voted and approved prior to the year end, is included within creditors due within one year and was paid after the year end. The directors do not recommend payment of a further dividend.

Auditor

A resolution to reappoint RSM UK Audit LLP as auditor for the ensuing year will be proposed at the forthcoming annual 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, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Strategic report

The company has chosen in accordance with Section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's Strategic Report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and has done so in respect of a review of its principal risks, financial risk management, future developments and a review of its business.

Streamlined Energy and Carbon Report

The company is a wholly owned subsidiary of Bowmer and Kirkland Limited which includes all relevant carbon reporting disclosures in the consolidated financial statements, which includes the reporting relevant for the company, and as such the company has applied the exemption given in Companies Act 2006 not to present the disclosure in its individual financial statements.

By order of the board

M Muckleston

.....
M A Muckleston

Secretary

Date: 23/04/24
.....

DERRY BUILDING SERVICES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2023

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DERRY BUILDING SERVICES LIMITED

Opinion

We have audited the financial statements of Derry Building Services Limited (the 'company') for the year ended 31 August 2023 which comprise the statement of income and retained earnings, the statement of financial position 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 August 2023 and of its 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 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DERRY BUILDING SERVICES LIMITED (CONTINUED)

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk 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 and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the company operates in and how the company is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DERRY BUILDING SERVICES LIMITED (CONTINUED)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from tax advisors.

The most significant laws and regulations that have an indirect impact are compliance with certain Health and Safety regulations and GDPR. We reviewed a sample of Health and Safety reports, made enquiries of appropriate management, reviewed relevant correspondence, made enquiries of those charged with governance, reviewed legal expenditure in the year, and also reviewed the systems and controls which are in place to capture material non-compliance with significant laws and regulations.

The audit engagement team identified the risk of management override of controls and management bias in accounting estimates as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business. We evaluated whether there was evidence of bias by management in accounting estimates that represented a risk of material misstatement due to fraud. We challenged assumptions and judgements made by management in their significant accounting estimates, in particular in relation to contract accounting, including the expected margin through assessment of post year end performance and stage of completion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

N. C. Cattini

Nicholas Cattini (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Suite A, 7th Floor
East West Building
2 Tollhouse Hill
Nottingham
NG1 5FS

26/04/24.....

DERRY BUILDING SERVICES LIMITED

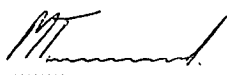
STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 AUGUST 2023

	Notes	2023 £	2022 £
Turnover	3	69,335,231	60,009,095
Cost of sales		(60,612,873)	(51,026,552)
Gross profit		8,722,358	8,982,543
Administrative expenses		(6,647,081)	(6,010,452)
Other operating income		188,973	114,050
Operating profit	6	2,264,250	3,086,141
Interest receivable and similar income	8	496,343	64,919
Profit before taxation		2,760,593	3,151,060
Tax on profit	9	(590,875)	(587,361)
Profit for the financial year		2,169,718	2,563,699
Retained earnings brought forward		20,757,107	19,378,408
Dividends	10	(860,000)	(1,185,000)
Retained earnings carried forward		22,066,825	20,757,107

DERRY BUILDING SERVICES LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 AUGUST 2023**

	Notes	2023 £	£	2022 £	£
Fixed assets					
Intangible assets	11	26,369		36,089	
Tangible assets	12	260,582		257,983	
			286,951		294,072
Current assets					
Debtors	13	10,204,706		9,886,899	
Cash at bank and in hand		30,286,900		31,657,546	
		40,491,606		41,544,445	
Creditors: amounts falling due within one year	14	(18,701,732)		(21,071,410)	
Net current assets			21,789,874		20,473,035
Total assets less current liabilities			22,076,825		20,767,107
Capital and reserves					
Called up share capital	17	10,000		10,000	
Profit and loss reserves	18	22,066,825		20,757,107	
Total equity			22,076,825		20,767,107

The financial statements were approved by the board of directors and authorised for issue on 23/04/24 and are signed on its behalf by:



M G Townsend
Director

DERRY BUILDING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies

Company information

Derry Building Services Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is The Old Hospital, London Road, Newark, Nottinghamshire, NG24 1JP.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

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", including the adoption of the amendments issued in December 2017, ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

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.

Reduced disclosures

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income; and
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Bowmer and Kirkland Limited. These consolidated financial statements are available from its registered office, High Edge Court, Church Street, Heage, Belper, Derbyshire, DE56 2BW.

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 directors have prepared forecasts and are confident that the company has sufficient working capital to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements. Therefore, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

DERRY BUILDING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies (Continued)

Turnover

Turnover is shown net of Value Added Tax.

Turnover is recognised in relation to separately identifiable components of a single transaction when necessary to reflect the substance of the arrangement and in relation to two or more linked transactions when necessary to understand the commercial effect.

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

Construction contracts

The recognition of turnover from construction contracts is set out in the accounting policy below.

Intangible fixed assets other than goodwill

Intangible assets, acquired separately from a business combination are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation 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:

Software	3 years straight line
----------	-----------------------

Tangible fixed assets

Tangible fixed assets are initially measured at cost, 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:

Leasehold improvements	10-25 years straight line
Plant and equipment	1-5 years 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.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible 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.

Where a reasonable and consistent basis of allocation can be identified, assets are allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

DERRY BUILDING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies (Continued)

Impairment of fixed assets (continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments 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.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors, gross amounts owed by contract customers, amounts owed by group undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets 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.

DERRY BUILDING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies (Continued)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade creditors, gross amounts owed to contract customers, and amounts owed to group undertakings, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

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

Equity instruments

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

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

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.

DERRY BUILDING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies (Continued)

Retirement benefits

The company participates in a multi-employer defined benefit scheme, but contributions are recognised in profit or loss in the period to which they relate as there is insufficient information available to use defined benefit accounting.

The company also participates in the group defined contribution scheme. The amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

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.

Construction contracts

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, turnover and costs are recognised over the period of the contract.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably, contract turnover is recognised only to the extent of contract costs that are recoverable and the contract costs are expensed as incurred.

The company uses the "percentage of completion method" to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. These costs are presented as stocks, prepayments or other assets, depending on their nature, and provided it is probable they will be recovered.

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 directors believe there are no critical judgements (apart from those involving estimates) that will have a significant effect on amounts recognised in the financial statements.

DERRY BUILDING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

2 Judgements and key sources of estimation uncertainty (Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Construction contracts

In determining the revenue and costs to be recognised each year for work done on construction contracts, estimates are made in relation to the final out-turn on each contract. On major construction contracts, it is assessed, based on past experience, that their outcome cannot be estimated reliably during the early stages of the contract, but that costs incurred will be recoverable. Once the outcome can be estimated reliably, estimates of the final out-turn on each contract may include cost contingencies to take account of the specific risks within each contract that have been identified during the early stages of the contract. The cost contingencies are reviewed on a regular basis throughout the contract life and are adjusted where appropriate. However, the nature of the risks on contracts are such that they often cannot be resolved until the end of the project and therefore may not reverse until the end of the project. Management continually review the estimated final out-turn on contracts and make adjustments where necessary. At the year end the gross amount owed by contract customers was £4,746,456 (2022: £5,441,516) and the gross amounts owed to contract customers was £6,337,139 (2022: £9,581,090).

Impairment of trade debtors

Trade debtors are stated at recoverable amounts, after appropriate provision for bad and doubtful debts. Calculation of the bad debt provision requires judgement from the management team, based on the creditworthiness of the debtor, the aged profile of the debtor, and historical experience. The carrying amount of trade debtors at the year end was £2,889,451 (2022: £2,018,982).

3 Turnover

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

	2023 £	2022 £
Turnover analysed by class of business		
Construction contracts	69,335,231	60,009,095
	<u>69,335,231</u>	<u>60,009,095</u>
	2023 £	2022 £
Turnover analysed by geographical market		
United Kingdom	69,335,231	60,009,095
	<u>69,335,231</u>	<u>60,009,095</u>

4 Employees

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

	2023 Number	2022 Number
Management and administration	154	152
Operatives	87	87
Total	<u>241</u>	<u>239</u>

DERRY BUILDING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

4 Employees (Continued)

Their aggregate remuneration comprised:

	2023 £	2022 £
Wages and salaries	11,814,237	11,050,730
Social security costs	1,190,098	1,167,859
Pension costs	757,127	728,685
	<u>13,761,462</u>	<u>12,947,274</u>

5 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	<u>775,792</u>	<u>693,726</u>

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 3 (2022 - 3).

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

	2023 £	2022 £
Remuneration for qualifying services	466,486	387,311
Accrued pension at the end of the year	<u>52,625</u>	<u>49,396</u>

6 Operating profit

	2023 £	2022 £
Operating profit for the year is stated after charging:		
Depreciation of owned tangible fixed assets	112,186	96,279
Amortisation of intangible assets	19,816	13,872
Operating lease charges	<u>527,706</u>	<u>532,712</u>

7 Auditor's remuneration

	2023 £	2022 £
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the company	<u>31,548</u>	<u>18,600</u>

Fees payable to the company's auditor for other services have not been disclosed as the relevant information is given in the accounts of Bowmer and Kirkland Limited, the ultimate parent company.

DERRY BUILDING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

8 Interest receivable and similar income

	2023 £	2022 £
Interest income		
Interest on bank deposits	496,132	64,919
Other interest income	211	-
Total income	<u>496,343</u>	<u>64,919</u>

9 Taxation

	2023 £	2022 £
Current tax		
UK corporation tax on profits for the current period	581,336	576,125
Adjustments in respect of prior periods	(3,756)	(10,154)
Total current tax	<u>577,580</u>	<u>565,971</u>
Deferred tax		
Origination and reversal of timing differences	8,353	13,524
Adjustment in respect of prior periods	4,942	7,866
Total deferred tax	<u>13,295</u>	<u>21,390</u>
Total tax charge	<u>590,875</u>	<u>587,361</u>

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2023 £	2022 £
Profit before taxation	<u>2,760,593</u>	<u>3,151,060</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 21.52% (2022: 19.00%)	593,943	598,701
Tax effect of expenses that are not deductible in determining taxable profit	3,282	2,035
Adjustments in respect of prior years	(3,756)	(10,154)
Permanent capital allowances in excess of depreciation	-	(6,486)
Deferred tax adjustments in respect of prior years	4,942	7,866
Remeasurement of deferred tax for changes in tax rates	1,165	(425)
Transfer pricing adjustments	(8,701)	(4,176)
Taxation charge for the year	<u>590,875</u>	<u>587,361</u>

DERRY BUILDING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

9 Taxation (Continued)

Following the March 2021 budget, legislation had been substantively enacted before the year end date for the main rate of corporation tax to increase from 19% to 25% from 1 April 2023. The deferred tax balances within these financial statements have therefore been calculated to reflect the rate increasing to 25%.

For accounting periods that straddle 1 April 2023, company profits/losses arising in an accounting period are apportioned between financial years in which the accounting period falls.

10 Dividends

	2023 £	2022 £
Final dividend	860,000	1,185,000

The final dividend in the current and prior year was voted and approved prior to the year end, is included within creditors due within one year and was paid after the year end.

11 Intangible fixed assets

	Software £
Cost	
At 1 September 2022	97,027
Additions - separately acquired	10,096
At 31 August 2023	107,123
Amortisation and impairment	
At 1 September 2022	60,938
Amortisation charged for the year	19,816
At 31 August 2023	80,754
Carrying amount	
At 31 August 2023	26,369
At 31 August 2022	36,089

The amortisation charge for the year is recognised within administrative expenses.

DERRY BUILDING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

12 Tangible fixed assets

	Leasehold improvements £	Plant and equipment £	Total £
Cost			
At 1 September 2022	129,548	2,303,503	2,433,051
Additions	7,111	109,924	117,035
Disposals	(2,250)	-	(2,250)
At 31 August 2023	134,409	2,413,427	2,547,836
Depreciation and impairment			
At 1 September 2022	26,234	2,148,834	2,175,068
Depreciation charged in the year	5,747	106,439	112,186
At 31 August 2023	31,981	2,255,273	2,287,254
Carrying amount			
At 31 August 2023	102,428	158,154	260,582
At 31 August 2022	103,314	154,669	257,983

13 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Trade debtors	2,889,451	2,018,982
Gross amounts owed by contract customers	4,746,456	5,441,516
Amounts owed by group undertakings	238,410	227,867
Other debtors	1,139,100	1,309,715
Prepayments and accrued income	318,421	279,939
	9,331,838	9,278,019
Deferred tax asset (note 15)	17,441	30,736
	9,349,279	9,308,755
Amounts falling due after more than one year:		
Trade debtors	345,736	241,975
Amounts owed by group undertakings	509,691	336,169
	855,427	578,144
Total debtors	10,204,706	9,886,899

DERRY BUILDING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

13 Debtors (Continued)

Amounts owed by group undertakings are unsecured and repayable on demand. Interest is charged at rates agreed between the company and group undertakings.

14 Creditors: amounts falling due within one year

	2023 £	2022 £
Gross amounts owed to contract customers	6,337,139	9,581,090
Trade creditors	7,258,861	8,413,446
Amounts owed to group undertakings	1,670,988	1,595
Corporation tax	581,336	576,125
Other taxation and social security	339,052	310,401
Dividends payable	860,000	1,185,000
Accruals and deferred income	1,654,356	1,003,753
	<u>18,701,732</u>	<u>21,071,410</u>

Amounts owed to group undertakings are unsecured and repayable on demand. Interest is charged at rates agreed between the company and group undertakings.

15 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:

	Assets 2023 £	Assets 2022 £
Balances:		
Short term timing differences	23,169	21,713
Decelerated capital allowances	(5,728)	9,023
	<u>17,441</u>	<u>30,736</u>
Movements in the year:		2023 £
Asset at 1 September 2022		(30,736)
Charge to profit or loss		13,295
Asset at 31 August 2023		<u>(17,441)</u>

The deferred tax asset set out above relates to short term timing differences which are expected to reverse within 12 months, and decelerated capital allowances which will reverse over the life of the assets to which they relate.

DERRY BUILDING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

16 Retirement benefit schemes

	2023 £	2022 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	529,751	498,322

Defined benefit schemes

Certain employees of the company are members of a multi-employer retirement benefit scheme, being the Bowmer & Kirkland Limited Pension and Life Assurance Scheme. There is insufficient information to account for the scheme as a defined benefit plan so it is accounted for as a defined contribution plan. The plan surplus at 31 August 2023 was £9,632,000 (2022: £31,237,000). The only specified obligation of the company with respect to the retirement benefit scheme is to make the required contributions. The company made contributions to the plan in the year totalling £227,376 (2022: £230,363).

No contributions were outstanding or prepaid at the year end.

17 Share capital

	2023 Number	2022 Number	2023 £	2022 £
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	10,000	10,000	10,000	10,000

Ordinary share rights

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

18 Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

19 Financial commitments, guarantees and contingent liabilities

The group operates a pooled facility with its bankers. Although the group had a net cash balance of £458,778,634 (2022: £501,161,853) at 31 August 2023, certain subsidiaries had overdrafts amounting to £139,526,711 (2022: £174,769,362) at that date.

Unlimited multilateral bank guarantees have been given by Bowmer & Kirkland Limited, and certain other subsidiary companies, including this company, to secure these overdrafts.

20 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:

	2023 £	2022 £
Within one year	96,215	50,493
Between one and five years	268,969	-
	365,184	50,493

DERRY BUILDING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

21 Parent company and controlling party

The company is a wholly owned subsidiary of Bowmer and Kirkland Limited, a company registered in England and Wales.

Bowmer and Kirkland Limited is the immediate parent, and is the smallest and largest company for which consolidated accounts including Derry Building Services Limited are prepared. The consolidated accounts of Bowmer and Kirkland Limited are available from its registered office, High Edge Court, Church Street, Heage, Belper, Derbyshire, DE56 2BW.

The directors consider the ultimate controlling party to be the Kirkland Family Trusts.