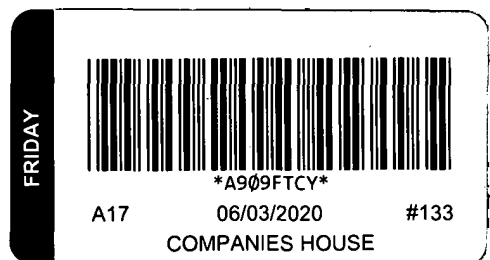


Company Registration No. 10878823 (England and Wales)

**FLYNN GROUP LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2019**



# FLYNN GROUP LIMITED

## COMPANY INFORMATION

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|                          |   |
|--------------------------|---|
| <b>Directors</b>         | W Hall<br>A Hambidge<br>C Curl<br>I Curtis  |
| <b>Secretary</b>         | J Hall  |
| <b>Company number</b>    | 10878823  |
| <b>Registered office</b> | Apple 3, Apple Walk<br>Kembrey Park<br>Swindon<br>Wiltshire<br>SN2 8BL                                    |
| <b>Auditor</b>           | Spencer Gardner Dickins Audit LLP<br>3 Coventry Innovation Village<br>Cheetah Road<br>Coventry<br>CV1 2TL |

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# **FLYNN GROUP LIMITED**

## **CONTENTS**

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|  | <b>Page</b> |
|--|-------------|
| Strategic report                       | 1 - 2       |
| Directors' report                      | 3 - 4       |
| Directors' responsibilities statement  | 5           |
| Independent auditor's report           | 6 - 8       |
| Statement of comprehensive income      | 9           |
| Group balance sheet                    | 10          |
| Company balance sheet                  | 11          |
| Group statement of changes in equity   | 12          |
| Company statement of changes in equity | 13          |
| Group statement of cash flows          | 14          |
| Notes to the financial statements      | 15 - 33     |

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# FLYNN GROUP LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 JULY 2019

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

#### Fair review of the business

Flynn Group Limited's principal activity is that of a holding company. The principal activity of the whole group is that of groundworks and civil engineering to the construction industry.

In its position as a holding company, the company does not trade and therefore does not operate any KPIs and does not have any risks over and above those of its subsidiary companies.

The company has 100% ownership of Flynn Corporate Limited who acquired Flynn Limited (previously John O'Flynn Developments Limited) on 1st September 2017.

Flynn Limited acquired Bristlewand Limited on 25th January 2019. The purchase was funded through cash and funds from Allied Irish Bank (GB).

The results for Flynn Group Limited for the year to 31 July 2019 are summarised below:

|                    | 2019<br>£ | 2018<br>£ |
|--------------------|-----------|-----------|
| Operating Income   | 350,000   | 100,000   |
| Profit Before Tax  | 344,626   | 77,824    |
| Shareholders Funds | 491,639   | 545,726   |

The consolidated results for the period and financial position of the group are shown in the annexed accounts. The key financial highlights are as follows (comparative figures have been adjusted to reflect deferred income movement previously included within cost of sales):

|                    | 2019<br>£  | 2018<br>£  |
|--------------------|------------|------------|
| Turnover           | 69,999,676 | 51,750,158 |
| Gross Profit       | 10,688,308 | 7,895,626  |
| Profit Before Tax  | 6,363,264  | 4,720,841  |
| Shareholders Funds | 8,743,463  | 4,057,538  |

The group has increased profit before tax as a result of a significant growth in turnover during the year resulting from improved market conditions throughout its client base and a general increase in production efficiencies. In addition, the client base has increased within this period with the addition of 2 new clients and 8 new contracts.

#### Key Performance Indicators

The Group operates a regular review of its KPIs to track the performance of the business. Such measures include ensuring a consistent rate of costs of sale and overheads to turnover, an analysis of cost margins per site, a check on the levels of stock on site as well as other balance sheet targets set for debtors and creditors.

A review of KPIs for the underlying trading subsidiaries are that GP margins and GP per head have remained the same year on year.

# FLYNN GROUP LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

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Control over administrative expenses in the year has seen overheads to turnover ratio remain level at around 5%.

Continued efforts to reduce levels of stock on site has seen a reduction in stock levels of 17% year on year. This was despite an increase in stock following the purchase of Bristlewand Limited in January 2019.

Focus on cashflow and regular communications with our clients has seen a reduction of 5% in our debtor days targets during the year, however creditor days remained static.

### Principal risks and uncertainties

The group operates in the South and South West of England and has a strong relationship with its customers, some of the largest housebuilding companies in the UK. However, the group is somewhat dependent on the confidence of the consumer which in turn is a major factor in its clients sale's hence enquiries and orders to ourselves. These influences are outside of the group's control.

To help mitigate these risks, the Directors monitor the future workload of the group's various clients with regular forecasts and pipeline meetings to ensure adequate business is available for its future needs and to obtain relevant resources to meet these needs. They are in constant communication with clients to ensure efficiencies and client satisfaction going forwards and avoid as much risk as possible in the process. Cashflows and budgets are continually reviewed by the Directors and Management to ensure risk is monitored.

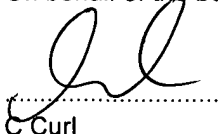
Health and Safety of employees, contractors, clients and the public is of paramount importance to the group. It strives to ensure that a fully comprehensive Health and Safety management system is implemented and supported by policies and procedures. This is achieved by using 'in house' and external safety advisors and continuous monitoring of our systems. The group experienced no serious Health and Safety issues within the year.

The extent to which our operations and financial performance are affected in the longer term by the UK's decision to leave the European Union will only become apparent as details emerge of how the exit is to be engineered. We are preparing for changes in legislation, trade agreements and working practices and formulating plans to take advantage of the changing landscape and to mitigate risk.

### Going Concern

The Directors have considered cashflow forecasts, budgets and confirmed contracts going forward at least twelve months from the date of approval of these financial statements. They are satisfied that those forecasts provide an expectation that the group will continue to trade for the foreseeable future and so the group continues to adopt the going concern basis.

On behalf of the board



C. Curl

Director

24/2/20

# **FLYNN GROUP LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 JULY 2019**

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

#### **Principal activities**

The principal activity of the company continued to be the ultimate parent company of a group involved in groundworks and civil engineering to the construction industry.

#### **Directors**

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

W Hall  
A Hambidge  
C Curl  
I Curtis

#### **Results and dividends**

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £333,234. The directors do not recommend payment of a further dividend.

#### **Disabled persons**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

#### **Employee involvement**

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

#### **Auditor**

The auditor, Spencer Gardner Dickins Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### **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 auditor of the company 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 auditor of the company is aware of that information.

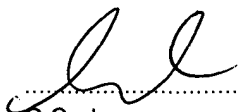
# FLYNN GROUP LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 JULY 2019**

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On behalf of the board



C Curl  
Director

Date: 24/2/20

# **FLYNN GROUP LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 JULY 2019**

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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 group and company, and of the profit or loss of the group 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 group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



# FLYNN GROUP LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FLYNN GROUP LIMITED

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### Opinion

We have audited the financial statements of Flynn Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 July 2019 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

### Basis for opinion

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

### Conclusions relating to going concern

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

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

### Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# FLYNN GROUP LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF FLYNN GROUP LIMITED

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### **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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

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

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

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

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

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

# FLYNN GROUP LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF FLYNN GROUP LIMITED

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### 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.

*Spencer Gardner Dickins Audit LLP*

Susan Thomas-Walls BSc BFP FCA (Senior Statutory Auditor)  
for and on behalf of Spencer Gardner Dickins Audit LLP

*24/2/2020*

Chartered Accountants  
Statutory Auditor

3 Coventry Innovation Village  
Cheetah Road  
Coventry  
CV1 2TL

# FLYNN GROUP LIMITED

## GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2019

|  | Notes | 2019<br>£         | 2018<br>£        |
|--|-------|-------------------|------------------|
| Turnover                               | 3     | 69,999,676        | 51,750,158       |
| Cost of sales                          |       | (59,311,368)      | (43,854,532)     |
| <b>Gross profit</b>                    |       | <b>10,688,308</b> | <b>7,895,626</b> |
| Administrative expenses                |       | (3,944,166)       | (2,809,676)      |
| Other operating income                 |       | 14,909            | -                |
| <b>Operating profit</b>                | 4     | <b>6,759,051</b>  | <b>5,085,950</b> |
| Interest receivable and similar income | 8     | 9,997             | 7,994            |
| Interest payable and similar expenses  | 9     | (405,784)         | (373,103)        |
| <b>Profit before taxation</b>          |       | <b>6,363,264</b>  | <b>4,720,841</b> |
| Tax on profit                          | 10    | (1,344,105)       | (943,205)        |
| <b>Profit for the financial year</b>   | 27    | <b>5,019,159</b>  | <b>3,777,636</b> |

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

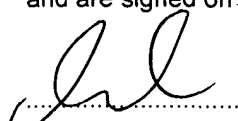
# FLYNN GROUP LIMITED

## GROUP BALANCE SHEET

AS AT 31 JULY 2019

|  | Notes | 2019              |                         | 2018              |                         |
|--|-------|-------------------|-------------------------|-------------------|-------------------------|
|  |       | £                 | £                       | £                 | £                       |
| <b>Fixed assets</b>  |       |                   |                         |                   |                         |
| Goodwill   | 12    |                   | 4,337,537               |                   | 3,221,511               |
| Tangible assets  | 13    |                   | 5,987,521               |                   | 3,234,483               |
| Investment properties  | 14    |                   | 379,500                 |                   | -                       |
|  |       |                   | <u>10,704,558</u>       |                   | <u>6,455,994</u>        |
| <b>Current assets</b>  |       |                   |                         |                   |                         |
| Stocks   | 18    | 715,253           |                         | 856,571           |                         |
| Debtors  | 19    | 15,705,197        |                         | 12,447,641        |                         |
| Cash at bank and in hand                                       |       | 5,254,803         |                         | 1,941,027         |                         |
|  |       | <u>21,675,253</u> |                         | <u>15,245,239</u> |                         |
| <b>Creditors: amounts falling due within one year</b>          | 20    | (18,878,398)      |                         | (12,833,044)      |                         |
| <b>Net current assets</b>                                      |       |                   | <u>2,796,855</u>        |                   | <u>2,412,195</u>        |
| <b>Total assets less current liabilities</b>                   |       |                   | <u>13,501,413</u>       |                   | <u>8,868,189</u>        |
| <b>Creditors: amounts falling due after more than one year</b> | 21    |                   | (4,444,076)             |                   | (4,718,128)             |
| <b>Provisions for liabilities</b>                              | 24    |                   | (313,874)               |                   | (92,523)                |
| <b>Net assets</b>  |       |                   | <u><u>8,743,463</u></u> |                   | <u><u>4,057,538</u></u> |
| <b>Capital and reserves</b>                                    |       |                   |                         |                   |                         |
| Called up share capital  | 27    |                   | 500,000                 |                   | 500,000                 |
| Profit and loss reserves                                       | 28    |                   | 8,243,463               |                   | 3,557,538               |
| <b>Total equity</b>  |       |                   | <u><u>8,743,463</u></u> |                   | <u><u>4,057,538</u></u> |

The financial statements were approved by the board of directors and authorised for issue on 24/8/20 and are signed on its behalf by:

  
 .....  
 C Curl  
 Director

# FLYNN GROUP LIMITED

## COMPANY BALANCE SHEET

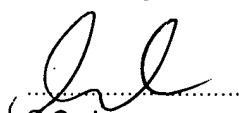
AS AT 31 JULY 2019

|   | Notes | 2019<br>£        | £              | 2018<br>£        | £              |
|---|-------|------------------|----------------|------------------|----------------|
| <b>Fixed assets</b>                                   |       |                  |                |                  |                |
| Investments   | 15    |                  | 1              |                  | 1              |
| <b>Current assets</b>                                 |       |                  |                |                  |                |
| Debtors   | 19    | 909,239          |                | 668,638          |                |
| Cash at bank and in hand                              |       | 3,621            |                | 77,410           |                |
|   |       | <u>912,860</u>   |                | <u>746,048</u>   |                |
| <b>Creditors: amounts falling due within one year</b> | 20    | <u>(409,072)</u> |                | <u>(200,323)</u> |                |
| <b>Net current assets</b>                             |       |                  | 503,788        |                  | 545,725        |
| <b>Total assets less current liabilities</b>          |       |                  | <u>503,789</u> |                  | <u>545,726</u> |
| <b>Capital and reserves</b>                           |       |                  |                |                  |                |
| Called up share capital                               | 27    |                  | 500,000        |                  | 500,000        |
| Profit and loss reserves                              | 28    |                  | 3,789          |                  | 45,726         |
| <b>Total equity</b>                                   |       |                  | <u>503,789</u> |                  | <u>545,726</u> |

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £291,297 (2018 - £265,824 profit).

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 24/2/20 and are signed on its behalf by:

  
C Curl  
Director

Company Registration No. 10878823

# FLYNN GROUP LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2019

|  | Notes | Share capital<br>£ | Profit and loss reserves<br>£ | Total<br>£ |
|--|-------|--------------------|-------------------------------|------------|
| <b>Balance at 21 July 2017</b>                       |       | -                  | -                             | -          |
| <b>Period ended 31 July 2018:</b>                    |       |                    |                               |            |
| Profit and total comprehensive income for the period |       | -                  | 3,777,636                     | 3,777,636  |
| Issue of share capital                               | 26    | 500,000            | -                             | 500,000    |
| Dividends  | 11    | -                  | (220,098)                     | (220,098)  |
| <b>Balance at 31 July 2018</b>                       |       | 500,000            | 3,557,538                     | 4,057,538  |
| <b>Year ended 31 July 2019:</b>                      |       |                    |                               |            |
| Profit and total comprehensive income for the year   |       | -                  | 5,019,159                     | 5,019,159  |
| Dividends  | 11    | -                  | (333,234)                     | (333,234)  |
| <b>Balance at 31 July 2019</b>                       |       | 500,000            | 8,243,463                     | 8,743,463  |

# FLYNN GROUP LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2019

|  | Notes | Share capital<br>£ | Profit and loss reserves<br>£ | Total<br>£ |
|--|-------|--------------------|-------------------------------|------------|
| <b>Balance at 21 July 2017</b>                       |       | -                  | -                             | -          |
| <b>Period ended 31 July 2018:</b>                    |       |                    |                               |            |
| Profit and total comprehensive income for the period |       | -                  | 265,824                       | 265,824    |
| Issue of share capital                               | 26    | 500,000            | -                             | 500,000    |
| Dividends  | 11    | -                  | (220,098)                     | (220,098)  |
| <b>Balance at 31 July 2018</b>                       |       | 500,000            | 45,726                        | 545,726    |
| <b>Year ended 31 July 2019:</b>                      |       |                    |                               |            |
| Profit and total comprehensive income for the year   |       | -                  | 291,297                       | 291,297    |
| Dividends  | 11    | -                  | (333,234)                     | (333,234)  |
| <b>Balance at 31 July 2019</b>                       |       | 500,000            | 3,789                         | 503,789    |



# FLYNN GROUP LIMITED

## GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2019

|   | Notes | 2019<br>£          | £ | 2018<br>£          | £ |
|---|-------|--------------------|---|--------------------|---|
| <b>Cash flows from operating activities</b>                   |       |                    |   |                    |   |
| Cash generated from operations                                | 33    | 9,303,828          |   | 1,863,031          |   |
| Interest paid   |       | (438,867)          |   | (301,120)          |   |
| Income taxes paid   |       | (842,976)          |   | (914,377)          |   |
| <b>Net cash inflow from operating activities</b>              |       | <b>8,021,985</b>   |   | <b>647,534</b>     |   |
| <b>Investing activities</b>                                   |       |                    |   |                    |   |
| Purchase of tangible fixed assets                             |       | (327,081)          |   | (402,125)          |   |
| Proceeds on disposal of tangible fixed assets                 |       | 124,343            |   | 67,300             |   |
| Purchase of subsidiaries net of cash received                 |       | (2,195,241)        |   | (3,130,949)        |   |
| Interest received   |       | 9,997              |   | 7,994              |   |
| <b>Net cash used in investing activities</b>                  |       | <b>(2,387,982)</b> |   | <b>(3,457,780)</b> |   |
| <b>Financing activities</b>                                   |       |                    |   |                    |   |
| Proceeds from issue of shares                                 |       | -                  |   | 500,000            |   |
| Proceeds from borrowings                                      |       | -                  |   | 1,745,000          |   |
| Proceeds of new bank loans                                    |       | 2,353,250          |   | 6,000,000          |   |
| Repayment of bank loans                                       |       | (3,485,325)        |   | (2,900,000)        |   |
| Proceeds of loans   |       | 24,400             |   | -                  |   |
| Payment of finance leases obligations                         |       | (879,318)          |   | (373,629)          |   |
| Dividends paid to equity shareholders                         |       | (333,234)          |   | (220,098)          |   |
| <b>Net cash (used in)/generated from financing activities</b> |       | <b>(2,320,227)</b> |   | <b>4,751,273</b>   |   |
| <b>Net increase in cash and cash equivalents</b>              |       | <b>3,313,776</b>   |   | <b>1,941,027</b>   |   |
| Cash and cash equivalents at beginning of year                |       | 1,941,027          |   | -                  |   |
| <b>Cash and cash equivalents at end of year</b>               |       | <b>5,254,803</b>   |   | <b>1,941,027</b>   |   |

# FLYNN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

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### 1 Accounting policies

#### Company information

Flynn Group Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Apple 3, Apple Walk, Kembrey Park, Swindon, Wiltshire, SN2 8BL.

The group consists of Flynn Group Limited and all of its subsidiaries.

#### 1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investment properties at fair value. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption from the requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17 on the basis that it is a qualifying entity and that the results of the company are included in the group statement of cash flows.

#### 1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of Flynn Group Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 July 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

#### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

# FLYNN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

### 1 Accounting policies

(Continued)

Revenue from contracts for the provision of services is recognised by reference to the stage of completion, management undertake a valuation process of work completed to date. Management estimate the work completed each month based on site visits attended, project knowledge and professional judgement.

#### 1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

#### 1.5 Tangible fixed assets

Tangible fixed assets are measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

|                             |                              |
|-----------------------------|------------------------------|
| Freehold land and buildings | 2% straight line             |
| Plant and equipment         | 10% - 33.3% reducing balance |
| Fixtures and fittings       | 10% - 33.3% reducing balance |
| Computers                   | 33.3% reducing balance       |
| Motor vehicles              | 15% - 25% reducing balance   |

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 recognised in the profit and loss account.

#### 1.6 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

#### 1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

# FLYNN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

### 1 Accounting policies

(Continued)

#### 1.8 Impairment of fixed assets

At each reporting period end date, the group 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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset.

#### 1.9 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.10 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.11 Financial instruments

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

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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.

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

#### 1.12 Equity instruments

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

#### 1.13 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 group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# FLYNN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

### 1 Accounting policies

(Continued)

#### **Deferred tax**

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

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.14 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense.

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.

#### **1.15 Retirement benefits**

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

#### **1.16 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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 leased asset are consumed.

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

# FLYNN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

### 2 Judgements and key sources of estimation uncertainty

In the application of the group'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.

The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements.

#### Valuation of income

In recognising income and debtors in the financial statements management undertake a valuation process of work completed to date. Management estimate the work completed each month based on site visits attended, project knowledge and professional judgement.

#### Accrued and deferred income

In recognising accrued income in the financial statements management estimate work completed but not billed to the client. In recognising deferred income in the financial statements management estimate work billed to the client but not completed. These estimates are based on the gross valuation process (mentioned above), project knowledge and professional judgement.

#### Accruals

In recognising accrued costs in the financial statements management estimate the costs directly attributable to the income recognised based on work completed. These estimates are based on the gross valuation process (mentioned above), project knowledge and professional judgement.

#### Leases

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the company as lessee.

#### Deferred tax

Management estimation is required to determine the amount of deferred tax that can be recognised, based upon likely timing and level of future taxable profits.

#### Tangible fixed assets

Judgements are required on estimating the useful economic lives of tangible fixed assets. Where an indication of impairment is identified the estimation of recoverable value requires estimation.

### 3 Turnover and other revenue

|   | 2019<br>£         | 2018<br>£         |
|---|-------------------|-------------------|
| <b>Turnover analysed by class of business</b> |                   |                   |
| Groundworks & civil engineering income        | 69,999,676        | 51,750,158        |
|   | <u>          </u> | <u>          </u> |
|   | 2019<br>£         | 2018<br>£         |
| <b>Other significant revenue</b>              |                   |                   |
| Interest income                               | 9,997             | 7,994             |
|   | <u>          </u> | <u>          </u> |

# FLYNN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

### 4 Operating profit

|   | 2019<br>£         | 2018<br>£         |
|---|-------------------|-------------------|
| Operating profit for the year is stated after charging/(crediting): |                   |                   |
| Depreciation of owned tangible fixed assets                         | 397,150           | 298,126           |
| Depreciation of tangible fixed assets held under finance leases     | 563,624           | 92,707            |
| Profit on disposal of tangible fixed assets                         | (88,771)          | (17,910)          |
| Amortisation of intangible assets                                   | 432,067           | 325,107           |
| Cost of stocks recognised as an expense                             | 30,280,431        | 24,889,120        |
| Operating lease charges   | 56,005            | 40,700            |
|   | <u>          </u> | <u>          </u> |

### 5 Auditor's remuneration

|   | 2019<br>£         | 2018<br>£         |
|---|-------------------|-------------------|
| Fees payable to the company's auditor and associates:           |                   |                   |
| <b>For audit services</b>                                       |                   |                   |
| Audit of the financial statements of the group and company      | 8,000             | 6,700             |
| Audit of the financial statements of the company's subsidiaries | 40,690            | 29,140            |
|   | <u>          </u> | <u>          </u> |
|   | <u>48,690</u>     | <u>35,840</u>     |

### 6 Employees

The average monthly number of persons employed by the group and company during the year was:

|                                | Group<br>2019<br>Number | 2018<br>Number    | Company<br>2019<br>Number | 2018<br>Number    |
|--------------------------------|-------------------------|-------------------|---------------------------|-------------------|
| Office/Admin                   | 13                      | 6                 | -                         | -                 |
| Surveyors/Engineers/Production | 18                      | 13                | -                         | -                 |
| Labour/Plant                   | 266                     | 202               | -                         | -                 |
|                                | <u>          </u>       | <u>          </u> | <u>          </u>         | <u>          </u> |
|                                | <u>297</u>              | <u>221</u>        | <u>-</u>                  | <u>-</u>          |

Their aggregate remuneration comprised:

|                       | Group<br>2019<br>£ | 2018<br>£         | Company<br>2019<br>£ | 2018<br>£         |
|-----------------------|--------------------|-------------------|----------------------|-------------------|
| Wages and salaries    | 12,494,401         | 7,745,850         | -                    | -                 |
| Social security costs | 1,335,452          | 887,958           | -                    | -                 |
| Pension costs         | 187,222            | 76,673            | -                    | -                 |
|                       | <u>          </u>  | <u>          </u> | <u>          </u>    | <u>          </u> |
|                       | <u>14,017,075</u>  | <u>8,710,481</u>  | <u>-</u>             | <u>-</u>          |

# FLYNN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

### 7 Directors' remuneration

|   | 2019<br>£      | 2018<br>£      |
|---|----------------|----------------|
| Remuneration for qualifying services                          | 314,577        | 175,047        |
| Company pension contributions to defined contribution schemes | 4,442          | 1,020          |
|   | <u>319,019</u> | <u>176,067</u> |

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2018 - 2).

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

|   | 2019<br>£      | 2018<br>£      |
|---|----------------|----------------|
| Remuneration for qualifying services                          | 135,711        | 119,251        |
| Company pension contributions to defined contribution schemes | 1,146          | 605            |
|   | <u>136,857</u> | <u>119,856</u> |

### 8 Interest receivable and similar income

|                           | 2019<br>£    | 2018<br>£    |
|---------------------------|--------------|--------------|
| <b>Interest income</b>    |              |              |
| Interest on bank deposits | 5,075        | 4,307        |
| Other interest income     | 4,922        | 3,687        |
| Total income              | <u>9,997</u> | <u>7,994</u> |

Investment income includes the following:

|  |              |              |
|--|--------------|--------------|
| Interest on financial assets not measured at fair value through profit or loss | <u>8,762</u> | <u>4,307</u> |
|--|--------------|--------------|

### 9 Interest payable and similar expenses

|  | 2019<br>£      | 2018<br>£      |
|--|----------------|----------------|
| <b>Interest on financial liabilities measured at amortised cost:</b> |                |                |
| Interest on bank overdrafts and loans                                | 132,514        | 167,583        |
| <b>Other finance costs:</b>  |                |                |
| Interest on finance leases and hire purchase contracts               | 62,957         | 13,570         |
| Other interest   | 210,313        | 191,950        |
| Total finance costs  | <u>405,784</u> | <u>373,103</u> |



# FLYNN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

### 10 Taxation

|  | 2019<br>£        | 2018<br>£      |
|--|------------------|----------------|
| <b>Current tax</b>                                   |                  |                |
| UK corporation tax on profits for the current period | 1,237,433        | 885,166        |
| <b>Deferred tax</b>                                  |                  |                |
| Origination and reversal of timing differences       | 106,672          | 58,039         |
| <b>Total tax charge</b>                              | <b>1,344,105</b> | <b>943,205</b> |

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

|  | 2019<br>£        | 2018<br>£      |
|--|------------------|----------------|
| Profit before taxation   | 6,363,264        | 4,720,841      |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%) | 1,209,020        | 896,960        |
| Tax effect of expenses that are not deductible in determining taxable profit                         | 103,587          | 66,540         |
| Deferred tax adjustments in respect of prior years   | 47,696           | (10,885)       |
| Other adjustments  | (16,198)         | (9,410)        |
| <b>Taxation charge</b>   | <b>1,344,105</b> | <b>943,205</b> |

### 11 Dividends

|            | 2019<br>£ | 2018<br>£ |
|------------|-----------|-----------|
| Final paid | 333,234   | 220,098   |

# FLYNN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

### 12 Intangible fixed assets

| Group                              | Goodwill<br>£ |
|------------------------------------|---------------|
| <b>Cost</b>                        |               |
| At 1 August 2018                   | 3,546,618     |
| Additions - separately acquired    | 1,548,093     |
| At 31 July 2019                    | 5,094,711     |
| <b>Amortisation and impairment</b> |               |
| At 1 August 2018                   | 325,107       |
| Amortisation charged for the year  | 432,067       |
| At 31 July 2019                    | 757,174       |
| <b>Carrying amount</b>             |               |
| At 31 July 2019                    | 4,337,537     |
| At 31 July 2018                    | 3,221,511     |

The company had no intangible fixed assets at 31 July 2019 or 31 July 2018.

Goodwill additions of £1,548,093 is goodwill acquired on consolidation of Bristlewand Limited.

# FLYNN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

### 13 Tangible fixed assets

| Group                                  | Freehold land<br>and buildings<br>£ | Plant and<br>equipment<br>£ | Fixtures and<br>fittings<br>£ | Computers<br>£ | Motor<br>vehicles<br>£ | Total<br>£ |
|--|-------------------------------------|-----------------------------|-------------------------------|----------------|------------------------|------------|
| <b>Cost</b>                            |                                     |                             |                               |                |                        |            |
| At 1 August 2018                       | -                                   | 4,332,777                   | 65,415                        | 36,248         | 959,720                | 5,394,160  |
| Additions                              | -                                   | 2,258,779                   | 45,048                        | 58,336         | 235,005                | 2,597,168  |
| Business combinations                  | 447,890                             | 1,421,145                   | 101,757                       | -              | 996,022                | 2,966,814  |
| Disposals                              | -                                   | (419,030)                   | (73,845)                      | (7,702)        | (168,215)              | (668,792)  |
| At 31 July 2019                        | 447,890                             | 7,593,671                   | 138,375                       | 86,882         | 2,022,532              | 10,289,350 |
| <b>Depreciation and<br/>impairment</b> |                                     |                             |                               |                |                        |            |
| At 1 August 2018                       | -                                   | 1,643,728                   | 63,405                        | 25,606         | 426,938                | 2,159,677  |
| Depreciation charged in the<br>year    | 2,981                               | 721,709                     | 5,819                         | 8,398          | 221,867                | 960,774    |
| Eliminated in respect of<br>disposals  | -                                   | (330,611)                   | (68,831)                      | (7,207)        | (150,814)              | (557,463)  |
| Business combinations                  | 159,216                             | 839,256                     | 86,306                        | -              | 654,063                | 1,738,841  |
| At 31 July 2019                        | 162,197                             | 2,874,082                   | 86,699                        | 26,797         | 1,152,054              | 4,301,829  |
| <b>Carrying amount</b>                 |                                     |                             |                               |                |                        |            |
| At 31 July 2019                        | 285,693                             | 4,719,589                   | 51,676                        | 60,085         | 870,478                | 5,987,521  |
| At 31 July 2018                        | -                                   | 2,689,049                   | 2,010                         | 10,642         | 532,782                | 3,234,483  |

The company had no tangible fixed assets at 31 July 2019 or 31 July 2018.

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

|                       | Group<br>2019<br>£ | 2018<br>£ | Company<br>2019<br>£ | 2018<br>£ |
|-----------------------|--------------------|-----------|----------------------|-----------|
| Plant and equipment   | 3,445,562          | 1,660,330 | -                    | -         |
| Fixtures and fittings | 30,486             | -         | -                    | -         |
| Motor vehicles        | 442,264            | 378,851   | -                    | -         |
|                       | 3,918,312          | 2,039,181 | -                    | -         |

# FLYNN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

### 14 Investment property

|                                   | Group<br>2019<br>£ | Company<br>2019<br>£ |
|-----------------------------------|--------------------|----------------------|
| <b>Fair value</b>                 |                    |                      |
| At 1 August 2018 and 31 July 2019 | 379,500            | -                    |

Investment property comprises a freehold investment property divided into four units. The fair value of the investment property has been arrived at on the basis of a valuation carried out in May 2018 by ETP Property Consultants LLP, who are not connected with the company. The directors do not believe the value of the property to have changed since this date.

The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

### 15 Fixed asset investments

|                             | Notes | Group<br>2019<br>£ | 2018<br>£ | Company<br>2019<br>£ | 2018<br>£ |
|-----------------------------|-------|--------------------|-----------|----------------------|-----------|
| Investments in subsidiaries | 16    | -                  | -         | 1                    | 1         |

#### Movements in fixed asset investments Company

|                                   | Shares in<br>group<br>undertakings<br>£ |
|-----------------------------------|---|
| <b>Cost or valuation</b>          |   |
| At 1 August 2018 and 31 July 2019 | 1                                       |
| <b>Carrying amount</b>            |   |
| At 31 July 2019                   | 1                                       |
| At 31 July 2018                   | 1                                       |

### 16 Subsidiaries

Details of the company's subsidiaries at 31 July 2019 are as follows:

| Name of undertaking     | Registered<br>office | Nature of business              | Class of<br>shares held | % Held<br>Direct | Indirect |
|-------------------------|----------------------|---------------------------------|-------------------------|------------------|----------|
| Flynn Corporate Limited | 1                    | Intermediary holding<br>company | Ordinary                | 100.00           |          |
| Flynn Limited           | 1                    | Groundworks                     | Ordinary                |                  | 100.00   |
| Bristlewand Limited     | 1                    | Groundworks                     | Ordinary                |                  | 100.00   |

# FLYNN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

### 16 Subsidiaries

(Continued)

#### Registered Office Addresses:

1. Apple 3, Apple Walk, Kembrey Walk, Swindon, SN2 8BL

#### Notes:

The shareholding in Flynn Limited is indirect via the shareholding in Flynn Corporate Limited.

The shareholding in Bristlewand Limited is indirect via the shareholding in Flynn Corporate Limited and Flynn Limited.

### 17 Financial instruments

|   | Group<br>2019<br>£ | 2018<br>£  | Company<br>2019<br>£ | 2018<br>£ |
|---|--------------------|------------|----------------------|-----------|
| <b>Carrying amount of financial assets</b>      |                    |            |                      |           |
| Debt instruments measured at amortised cost     | 13,322,699         | 10,976,936 | 909,239              | 668,638   |
| <b>Carrying amount of financial liabilities</b> |                    |            |                      |           |
| Measured at amortised cost                      | 22,022,734         | 16,931,562 | 340,743              | 200,323   |

### 18 Stocks

|                               | Group<br>2019<br>£ | 2018<br>£ | Company<br>2019<br>£ | 2018<br>£ |
|-------------------------------|--------------------|-----------|----------------------|-----------|
| Raw materials and consumables | 715,253            | 856,571   | -                    | -         |

# FLYNN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

### 19 Debtors

|  | Group<br>2019     | 2018              | Company<br>2019 | 2018           |
|--|-------------------|-------------------|-----------------|----------------|
|  | £                 | £                 | £               | £              |
| <b>Amounts falling due within one year:</b>          |                   |                   |                 |                |
| Trade debtors  | 13,090,226        | 10,849,902        | -               | -              |
| Corporation tax recoverable                          | 175,526           | -                 | -               | -              |
| Amounts owed by group undertakings                   | -                 | -                 | 490,165         | 490,165        |
| Other debtors  | 843,918           | 570,924           | 25,395          | 24,400         |
| Prepayments and accrued income                       | 1,566,847         | 972,742           | 365,000         | 100,000        |
|  | <u>15,676,517</u> | <u>12,393,568</u> | <u>880,560</u>  | <u>614,565</u> |
| <b>Amounts falling due after more than one year:</b> |                   |                   |                 |                |
| Other debtors  | <u>28,679</u>     | <u>54,073</u>     | <u>28,679</u>   | <u>54,073</u>  |
| <b>Total debtors</b>                                 | <u>15,705,196</u> | <u>12,447,641</u> | <u>909,239</u>  | <u>668,638</u> |

### 20 Creditors: amounts falling due within one year

|                                    | Notes | Group<br>2019     | 2018              | Company<br>2019 | 2018           |
|------------------------------------|-------|-------------------|-------------------|-----------------|----------------|
|                                    |       | £                 | £                 | £               | £              |
| Bank loans                         | 22    | 1,070,650         | 1,200,000         | -               | -              |
| Obligations under finance leases   | 23    | 1,551,898         | 614,785           | -               | -              |
| Trade creditors                    |       | 9,343,728         | 6,310,592         | -               | -              |
| Amounts owed to group undertakings |       | -                 | -                 | 332,743         | 193,173        |
| Corporation tax payable            |       | 724,969           | 154,986           | 68,329          | -              |
| Other taxation and social security |       | 574,770           | 464,624           | -               | -              |
| Other creditors                    |       | 417,002           | 496,176           | -               | -              |
| Accruals and deferred income       |       | 5,195,380         | 3,591,881         | 8,000           | 7,150          |
|                                    |       | <u>18,878,397</u> | <u>12,833,044</u> | <u>409,072</u>  | <u>200,323</u> |

### 21 Creditors: amounts falling due after more than one year

|                                  | Notes | Group<br>2019    | 2018             | Company<br>2019 | 2018     |
|----------------------------------|-------|------------------|------------------|-----------------|----------|
|                                  |       | £                | £                | £               | £        |
| Loan notes                       | 22    | 1,745,000        | 1,745,000        | -               | -        |
| Bank loans and overdrafts        | 22    | 897,275          | 1,900,000        | -               | -        |
| Obligations under finance leases | 23    | 1,801,801        | 1,073,128        | -               | -        |
|                                  |       | <u>4,444,076</u> | <u>4,718,128</u> | <u>-</u>        | <u>-</u> |

# FLYNN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

### 22 Loans and overdrafts

|                         | Group<br>2019<br>£ | 2018<br>£        | Company<br>2019<br>£ | 2018<br>£ |
|-------------------------|--------------------|------------------|----------------------|-----------|
| Loan notes              | 1,745,000          | 1,745,000        | -                    | -         |
| Bank loans              | 1,967,925          | 3,100,000        | -                    | -         |
|                         | <u>3,712,925</u>   | <u>4,845,000</u> | <u>-</u>             | <u>-</u>  |
| Payable within one year | 1,070,650          | 1,200,000        | -                    | -         |
| Payable after one year  | <u>2,642,275</u>   | <u>3,645,000</u> | <u>-</u>             | <u>-</u>  |

The unsecured loan notes carry interest at 12% . The repayment terms are 50% of the principal amount of notes on 1 September 2021 and the remaining 50% of the principal amount of notes on 1 September 2022.

The bank loans are secured by fixed and floating charges over the assets of the company.

The bank loans carry interest at 3.5% above the bank of England base rate. The repayment terms are three years from the date of the first drawn down.

### 23 Finance lease obligations

|   | Group<br>2019<br>£ | 2018<br>£        | Company<br>2019<br>£ | 2018<br>£ |
|---|--------------------|------------------|----------------------|-----------|
| Future minimum lease payments due under finance leases: |                    |                  |                      |           |
| Within one year   | 1,551,898          | 614,785          | -                    | -         |
| In two to five years                                    | 1,801,801          | 1,073,128        | -                    | -         |
|   | <u>3,353,699</u>   | <u>1,687,913</u> | <u>-</u>             | <u>-</u>  |

Finance lease payments represent rentals payable by the company for certain items of plant and machinery and motor vehicles. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 2 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The liabilities are secured against the assets in which they relate.

# FLYNN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

### 24 Deferred taxation

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

|                                | Liabilities<br>2019<br>£ | Liabilities<br>2018<br>£ |
|--------------------------------|--------------------------|--------------------------|
| <b>Group</b>                   |                          |                          |
| Accelerated capital allowances | 316,647                  | 94,167                   |
| Retirement benefit obligations | (2,773)                  | (1,644)                  |
|                                | <u>313,874</u>           | <u>92,523</u>            |

The company has no deferred tax assets or liabilities.

|                               | Group<br>2019<br>£ | Company<br>2019<br>£ |
|-------------------------------|--------------------|----------------------|
| <b>Movements in the year:</b> |                    |                      |
| Liability at 1 August 2018    | 92,523             | -                    |
| Charge to profit or loss      | 221,351            | -                    |
|                               | <u>313,874</u>     | <u>-</u>             |
| Liability at 31 July 2019     | <u>313,874</u>     | <u>-</u>             |

### 25 Retirement benefit schemes

|   | 2019<br>£ | 2018<br>£ |
|---|-----------|-----------|
| <b>Defined contribution schemes</b>                                 |           |           |
| Charge to profit or loss in respect of defined contribution schemes | 187,222   | 76,673    |

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

### 26 Share capital

|                                      | Group and company<br>2019<br>£ | 2018<br>£      |
|--------------------------------------|--------------------------------|----------------|
| <b>Ordinary share capital</b>        |                                |                |
| <b>Issued and fully paid</b>         |                                |                |
| 300,000 A Ordinary shares of £1 each | 300,000                        | 300,000        |
| 200,000 Ordinary shares of £1 each   | 200,000                        | 200,000        |
|                                      | <u>500,000</u>                 | <u>500,000</u> |



# **FLYNN GROUP LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 JULY 2019**

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### **26 Share capital**

**(Continued)**

#### **Share rights**

The ordinary shares have full voting and dividend rights. On return of capital (including on a winding up) the holders of the ordinary shares are entitled (after the amounts owing the A ordinary shareholders have been paid) to share pro-rata in the surplus assets of the company up to an amount equivalent to the issue price of the ordinary shares together with all dividend arrears on their ordinary shares and thereafter share in the balance of any surplus assets on pro-rata basis with the A ordinary shareholders. The shares are non-redeemable.

### **27 Reserves**

#### **Profit and loss reserves**

Profit and loss reserves represent the retained profits of the company since inception.

# FLYNN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

### 28 Acquisitions

On 25 January 2019 the group acquired 100% percent of the issued capital of Bristlewand Limited.

|  | Book Value<br>£  | Adjustments<br>£ | Fair Value<br>£  |
|--|------------------|------------------|------------------|
| Property, plant and equipment  | 1,227,973        | -                | 1,227,973        |
| Investment property  | 379,500          | -                | 379,500          |
| Inventories  | 97,624           | -                | 97,624           |
| Trade and other receivables  | 3,035,800        | -                | 3,035,800        |
| Cash and cash equivalents  | 5,940,259        | -                | 5,940,259        |
| Trade and other payables   | (3,979,071)      | -                | (3,979,071)      |
| Deferred tax   | (114,679)        | -                | (114,679)        |
| Total identifiable net assets  | <u>6,587,406</u> | <u>-</u>         | <u>6,587,406</u> |
| Goodwill   |                  |                  | <u>1,548,093</u> |
| Total consideration  |                  |                  | <u>8,135,499</u> |
| The consideration was satisfied by:  |                  |                  | £                |
| Cash   |                  |                  | <u>8,135,499</u> |
| Contribution by the acquired business for the reporting period included in the consolidated statement of comprehensive income since acquisition: |                  |                  | £                |
| Turnover   |                  |                  | 10,764,231       |
| Profit after tax   |                  |                  | <u>1,199,967</u> |

### 29 Financial commitments, guarantees and contingent liabilities

The company has provided a cross-guarantee to the Group's bankers in respect of a funding facility. As at 31 July 2019 the amount owed by the rest of the Group in respect of the funding facility was £1,967,925 (2018: £3,100,000)

# FLYNN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JULY 2019

#### 30 Related party transactions

The remuneration of key management personnel is disclosed in note 7.

##### Transactions with related parties

During the year the group entered into the following transactions with related parties:

|                       | Services received |         | Provision of finance |         |
|-----------------------|-------------------|---------|----------------------|---------|
|                       | 2019              | 2018    | 2019                 | 2018    |
|                       | £                 | £       | £                    | £       |
| <b>Group</b>          |                   |         |                      |         |
| Other related parties | 70,602            | 228,033 | 209,400              | 139,600 |

The company has taken advantage of the exemption under the terms of FRS102 not to disclose related party transactions with wholly owned subsidiaries within the group.

Dividends totalling £333,234 (2018: £220,098) were paid in the period in respect of shares held by related parties.

The following amounts were outstanding at the reporting end date:

| Amounts due to related parties | 2019      | 2018      |
|--------------------------------|-----------|-----------|
|                                | £         | £         |
| <b>Group</b>                   |           |           |
| Other related parties          | 1,745,000 | 1,745,000 |

See note 21 for details of nature and security.

#### 31 Directors' transactions

The following amounts were outstanding at the reporting end date:

| Description | %<br>Rate | Opening<br>balance<br>£ | Interest<br>charged<br>£ | Amounts<br>repaid<br>£ | Closing<br>balance<br>£ |
|-------------|-----------|-------------------------|--------------------------|------------------------|-------------------------|
| Loan        | 4.00      | 78,473                  | 2,695                    | (27,095)               | 54,073                  |
|             |           | 78,473                  | 2,695                    | (27,095)               | 54,073                  |

The loan to the director is repayable by monthly instalments by 31 August 2021 and interest is charged at 4% per annum.

# FLYNN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

### 32 Controlling party

The controlling party at the balance sheet date was J Hall.

### 33 Cash generated from group operations

|  | 2019<br>£        | 2018<br>£        |
|--|------------------|------------------|
| Profit for the year after tax                        | 5,019,159        | 3,777,636        |
| Adjustments for:                                     |                  |                  |
| Taxation charged                                     | 1,344,105        | 943,205          |
| Finance costs  | 405,784          | 373,103          |
| Investment income                                    | (9,997)          | (7,994)          |
| Gain on disposal of tangible fixed assets            | (13,014)         | (17,910)         |
| Amortisation and impairment of intangible assets     | 432,067          | 325,107          |
| Depreciation and impairment of tangible fixed assets | 960,774          | 390,833          |
| Movements in working capital:                        |                  |                  |
| Decrease/(increase) in stocks                        | 238,942          | (266,427)        |
| (Increase) in debtors                                | (70,628)         | (5,122,390)      |
| Increase in creditors                                | 996,636          | 1,467,868        |
| <b>Cash generated from operations</b>                | <b>9,303,828</b> | <b>1,863,031</b> |