

Financial Statements

Techrete (U.K.) Limited

For the financial year ended 31 July 2018



Registered number: 02396734



Techrete (U.K.) Limited

Company Information

Directors	Mark O'Dea Liam Aylward (resigned 30 November 2018) Denis Farrell Marcus Sweeney
Company secretary	Denis Farrell
Registered number	02396734
Registered office	Station Road Scawby Brigg North Lincolnshire DN20 9DT
Independent auditor	Grant Thornton Chartered Accountants & Statutory Auditor 13-18 City Quay Dublin 2 Republic of Ireland
Bankers	NatWest plc 14 Market Place Brigg North Lincolnshire DN20 8EU
Solicitors	Weightmans LLP Pall Mall Court 61-67 King Street Manchester M2 4PD

Techrete (U.K.) Limited

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Techrete (U.K.) Limited

Strategic report

For the financial year ended 31 July 2018

Introduction

The directors present their report and the financial statements of Techrete (U.K.) Limited for the year ended 31 July 2018.

Business review

The principal activities of the Company are the design, manufacture, transport and erection of architectural precast concrete cladding for the UK construction industry. The company offers a complete precast solution, providing services ranging from design through manufacture to erection.

Techrete is dedicated to providing world-class customer service and the highest quality products available in the industry.

Our 2017/18 financial year resulted in turnover of £34,593,573 (2016/17: £28,248,623), with a gross profit of £9,035,689 (2016/17: £9,014,977) and a net profit before tax of £3,043,873 (2016/17: £3,895,012).

Principal risks and uncertainties

The directors consider the principal risks and uncertainties faced by the Company are in the following categories:

Economic risk

Techrete operates in the UK construction market which is dependent on favourable economic conditions and a healthy investment environment in both the private and public sectors. The impact of Brexit on the British construction market represents an uncertainty to medium-term business planning.

Inflation risk

Cost of inflation in the construction industry is managed by innovative material sourcing and strict control of costs.

Financial risk

The Company has budgetary and financial reporting procedures, supported by appropriate key performance indicators, to manage all financial risks.

Financial key performance indicators

The Company's key performance indicators are turnover, gross margin and net profit before tax.

This report was approved by the board and signed on its behalf.



Denis Farrell
Director

Date: 29/04/2019

Techrete (U.K.) Limited

Directors' report

For the financial year ended 31 July 2018

The directors present their report and the financial statements for the financial year ended 31 July 2018.

Principal activity

The principal activity of the Company is the manufacture and erection of architectural precast concrete products.

Results and dividends

The profit for the financial year, after taxation, amounted to £2,399,541 (2017 - £3,148,589).

The directors made a dividend payment during the year of £19,817 (2017: £19,817).

Directors

The directors who served during the financial year were:

Mark O'Dea
Liam Aylward (resigned 30 November 2018)
Denis Farrell
Marcus Sweeney

Future developments

The company plans to continue its present activities.

Research and development activities

Research & development work in the year involved the development of innovative moulding systems for curved concrete panels and also capable of handling different radii for units. The directors are satisfied with the outcome of the project. Additionally, over the last year, the Company has worked with certain universities on an EU-sponsored project called IMPRESS to manufacture and develop more energy-efficient concrete panels for use in recladding old poorly-insulated buildings across Europe. The thermal and energy performance of the panels were monitored via embedded sensors for operational evaluation and the plan is to cast and clad units for a laboratory in Balbriggan, Ireland in the next year.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Important events since the year end

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

Techrete (U.K.) Limited

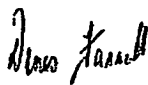
Directors' report (continued)

For the financial year ended 31 July 2018

Auditor

The auditor, Grant Thornton, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



Denis Farrell
Director

Date: 29/04/2019

Directors' responsibilities statement

For the financial year ended 31 July 2018

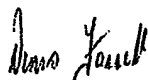
The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to 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.



Denis Farrell
Director

Date: 29/04/2019



Independent auditor's report to the members of Techrete (U.K.) Limited

Opinion

We have audited the financial statements of Techrete (U.K.) Limited, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity for the financial year ended 31 July 2018, and the related 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, Techrete (U.K.) Limited's financial statements:

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the financial position of the company as at 31 July 2018 and of its financial performance for the year then ended; 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) (ISA's UK) and applicable law. Our responsibilities under those standards are further described in the 'responsibilities of the auditor 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 United Kingdom, namely FRC's Ethical Standard concerning the integrity, objectivity and independence of the auditor. We have fulfilled our 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 ISA's (UK) require us to report to you where:

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



Independent auditor's report to the members of Techrete (U.K.) Limited (continued)

Other Information

Other information comprises the information included in the annual report, other than the financial statements and our Auditor's report thereon, including the Directors' report and the Strategic Report. The directors are responsible for the other information. Our opinion on the financial statements does not cover the 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 in the financial statements, 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.

Matters on which we are required to report by exception

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 management and those charged with governance for the financial statements

In preparing the financial statements, management is 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 management either intend to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Independent auditor's report to the members of Techrete (U.K.) Limited (continued)

Responsibilities of the auditor for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), the auditor will exercise professional judgment and maintain professional scepticism throughout the audit. They will also:

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

The auditor shall communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that may be identified during the audit.



Independent auditor's report to the members of Techrete (U.K.) Limited (continued)

The purpose of our audit work and to whom we owe our responsibilities

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.

A handwritten signature in dark ink, appearing to read 'Noel Delaney'.

Noel Delaney, FCA (Senior statutory auditor)
for and on behalf of

Grant Thornton
Chartered Accountants
Statutory Auditor
Dublin 2
Republic of Ireland

Date: 29/04/2019

Techrete (U.K.) Limited

Statement of comprehensive income

For the financial year ended 31 July 2018

	Note	2018 £	2017 £
Turnover	4	34,593,573	28,248,623
Cost of sales		(25,557,884)	(19,233,646)
Gross profit		9,035,689	9,014,977
Distribution costs		(896,489)	(577,368)
Administrative expenses		(5,070,278)	(4,523,260)
Other operating income	5	-	5,413
Operating profit	6	3,068,922	3,919,762
Interest receivable	9	2,841	10,189
Interest payable	10	(27,890)	(34,939)
Profit before tax on ordinary activities		3,043,873	3,895,012
Tax on profit on ordinary activities	11	(644,332)	(746,423)
Profit for the financial year		2,399,541	3,148,589

All amounts relate to continuing operations.

There was no other comprehensive income for 2018 (2017: £NIL).

The notes on pages 12 to 25 form part of these financial statements.

Techrete (U.K.) Limited

Registered number:02396734

Statement of financial position

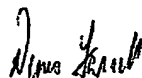
As at 31 July 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	13	8,931,537	8,440,441
		<u>8,931,537</u>	<u>8,440,441</u>
Current assets			
Stocks	14	378,843	334,567
Debtors: amounts falling due within one year	15	7,145,290	7,445,526
Cash at bank and in hand	16	4,569,754	2,363,816
		<u>12,093,887</u>	<u>10,143,909</u>
Current Liabilities			
Creditors: amounts falling due within one year	17	(6,581,378)	(6,295,338)
		<u>5,512,509</u>	<u>3,848,571</u>
Net current assets		<u>14,444,046</u>	<u>12,289,012</u>
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	18	(377,276)	(598,993)
Provision for liabilities			
Deferred Taxation		(107,752)	(110,725)
Net assets		<u>13,959,018</u>	<u>11,579,294</u>
Capital and reserves			
Called up share capital	21	100,000	100,000
Profit and loss account	22	13,859,018	11,479,294
		<u>13,959,018</u>	<u>11,579,294</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



Mark O'Dea
Director



Denis Farrell
Director

Date: 29/04/2019

The notes on pages 12 to 25 form part of these financial statements.

Techrete (U.K.) Limited

Statement of changes in equity

For the financial year ended 31 July 2018

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 August 2017	100,000	11,479,294	11,579,294
Profit for the financial year	-	2,399,541	2,399,541
Dividends: Equity capital	-	(19,817)	(19,817)
At 31 July 2018	100,000	13,859,018	13,959,018

Statement of changes in equity

For the financial year ended 31 July 2017

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 August 2016	100,000	8,350,522	8,450,522
Profit for the year	-	3,148,589	3,148,589
Dividends: Equity capital	-	(19,817)	(19,817)
At 31 July 2017	100,000	11,479,294	11,579,294

The notes on pages 12 to 25 form part of these financial statements.

Notes to the financial statements

For the financial year ended 31 July 2018

1. General Information

Techrete (U.K.) Limited is a private company limited by shares, which is registered and incorporated in England and Wales. The company's registered office is Station Road, Scawby, Brigg, North Lincolnshire DN20 9DT.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The financial statements are presented in Sterling (£).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Techrete Holdings Limited as at 31 July 2018 and these financial statements may be obtained from the Companies Registration Office in the Republic of Ireland.

2.3 Turnover

Turnover represents net sales to customers and excludes Value Added Tax. Turnover is recognised on the basis of the percentage of costs completed compared to total contract turnover and therefore a relevant portion of profit is released to the current year's profit and loss account based on costs incurred to date. Therefore no work in progress is recognised.

2.4 Research and development

Research and development expenditure is written off in the year in which it is incurred less the research and development credit received.

Notes to the financial statements

For the financial year ended 31 July 2018

2. Accounting policies (continued)

2.5 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of comprehensive income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

2.7 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.8 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

Notes to the financial statements

For the financial year ended 31 July 2018

2. Accounting policies (continued)

2.9 Current and deferred taxation

The tax expense for the financial year comprises current and deferred tax. Tax is recognised in the profit or loss, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Notes to the financial statements

For the financial year ended 31 July 2018

2. Accounting policies (continued)

2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is provided on the following basis:

Freehold property	- 2% Straight line
Plant and machinery	- 12.5-20% Reducing balance
Motor vehicles	- 20% Straight line
Fixtures and fittings	- 12.5-20% Straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.11 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost means purchase price including all costs in bringing the goods to their present condition and location, calculated on a first in first out basis.

Net realisable value means the estimated selling price less all further costs to be incurred in the sale, marketing and distribution.

2.12 Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.13 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, including transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Notes to the financial statements

For the financial year ended 31 July 2018

2. Accounting policies (continued)

2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.15 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, including transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.16 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

2.17 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Notes to the financial statements

For the financial year ended 31 July 2018

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgments and estimates. The items in the financial statements where these judgments and estimates have been made include:

Useful lives of depreciable assets

The annual depreciation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of fair values and residual values. The directors annually review these asset lives and adjust them as necessary to reflect current thinking on remaining lives in light of technological change, prospective economic utilisation and physical condition of the assets concerned. Changes in asset lives can have significant impact on depreciation charges for the period. It is not practical to quantify the impact of changes in asset lives on an overall basis, as asset lives are individually determined, and there are a significant number of asset lives in use. The impact of any change would vary significantly depending on the individual changes in assets and the classes of assets impacted.

Stocks

The company estimates the net realisable values of stocks, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Allowances for impairment of debtors

The company estimates the allowance for doubtful trade debtors based on assessment of specific accounts where the company has objective evidence comprising default in payment terms or significant financial difficulty that certain customers are unable to meet their financial obligations. In these cases, judgment used was based on the best available facts and circumstances including but not limited to, the length of the relationship. Please refer to note 15 for the relevant disclosure.

Recognition of deferred tax asset

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the company's future taxable income against which the deferred tax assets can be utilised.

Construction contract revenue

Recognised amounts of construction contract revenues and related receivables reflect management's best estimate of each contract's outcome and stage of completion. This includes the assessment of the profitability of on-going construction contracts. For more complex contracts in particular, costs to complete and contract profitability are subject to significant estimation uncertainty.

4. Turnover

The whole of the turnover is attributable to its principal activity. The directors consider it to be seriously prejudicial to the interests of the company to disclose information regarding turnover.

Notes to the financial statements

For the financial year ended 31 July 2018

5. Other operating income

	2018	2017
	£	£
Government grants receivable	-	5,413

6. Operating profit

The operating profit is stated after charging:

	2018	2017
	£	£
Depreciation of tangible fixed assets	730,868	598,683
Impairment of tangible fixed assets	-	21,413
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	16,000	16,000
Research and development expenditure	390	61,299
Amortisation of government grants	-	(487)
Loss on sale of tangible fixed assets	1,194	80,577

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2018	2017
	£	£
Wages and salaries	7,655,810	6,364,839
Social security costs	744,298	558,057
Cost of defined contribution scheme	132,323	216,246
	8,532,431	7,139,142

The average monthly number of employees, including the directors, during the financial year was as follows:

	2018	2017
	No.	No.
Production	135	120
Design	6	6
Administration	15	16
Contracts management	8	9
	164	151

Techrete (U.K.) Limited

Notes to the financial statements

For the financial year ended 31 July 2018

8. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	360,981	375,441
Pension contributions	(95,762)	55,838
	<u>265,219</u>	<u>431,279</u>

The highest paid director earned aggregate remuneration of £157,904 (2017 - £115,063) with company contributions amounting to £18,411 (2017: £27,572).

9. Interest receivable

	2018 £	2017 £
Bank interest receivable	<u>2,841</u>	<u>10,189</u>

10. Interest payable

	2018 £	2017 £
Bank interest payable	414	1,553
Loans from group undertakings	-	8,440
Finance leases and hire purchase contracts	27,476	24,946
	<u>27,890</u>	<u>34,939</u>

Notes to the financial statements

For the financial year ended 31 July 2018

11. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	619,635	758,681
Adjustments in respect of previous periods	27,670	-
Total current tax	647,305	758,681
Deferred tax		
Origination and reversal of timing differences	(2,973)	(12,258)
Total deferred tax	(2,973)	(12,258)
Taxation on profit on ordinary activities	644,332	746,423

Factors affecting tax charge for the financial year

The tax assessed for the financial year is higher than (2017 - lower than) the standard rate of corporation tax in the United Kingdom of 19% (2017 - 19.67%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	3,043,873	3,895,012
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.67%)	578,336	765,736
Effects of:		
Expenses not deductible for tax purposes	44,579	7,913
Capital allowances for financial year in excess of depreciation	681	(4,392)
Adjustments to tax charge in respect of prior periods	27,670	-
Permanent timing differences	(6,934)	(16,685)
Change in tax rates	-	(6,149)
Total tax charge for the financial year	644,332	746,423

12. Dividends

	2018 £	2017 £
Dividends paid on equity capital	19,817	19,817

Notes to the financial statements

For the financial year ended 31 July 2018

13. Tangible fixed assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 August 2017	7,283,766	6,284,980	76,389	604,196	14,249,331
Additions	626,288	579,011	-	19,017	1,224,316
Disposals	-	(25,540)	(8,994)	-	(34,534)
At 31 July 2018	7,910,054	6,838,451	67,395	623,213	15,439,113
Depreciation					
At 1 August 2017	1,519,011	3,929,006	31,256	329,617	5,808,890
Charge for the financial year on owned assets	151,938	290,785	5,719	44,880	493,322
Charge for the financial year on financed assets	-	224,675	7,760	5,111	237,546
Disposals	-	(23,188)	(8,994)	-	(32,182)
At 31 July 2018	1,670,949	4,421,278	35,741	379,608	6,507,576
Net book value					
At 31 July 2018	6,239,105	2,417,173	31,654	243,605	8,931,537
At 31 July 2017	5,764,755	2,355,974	45,133	274,579	8,440,441

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2018 £	2017 £
Plant and machinery	650,506	900,773
Motor vehicles	11,640	20,520
Furniture, fittings and equipment	26,083	30,096
	688,229	951,389

Notes to the financial statements

For the financial year ended 31 July 2018

14. Stocks

	2018	2017
	£	£
Raw materials and consumables	378,843	334,567

The replacement costs of stocks did not differ significantly from cost.

Stock recognised in cost of sales during the year as an expense was £14,442,843 (2017: £9,307,974).

No impairment loss was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

15. Debtors: amounts falling due within one year

	2018	2017
	£	£
Trade debtors	4,252,603	2,653,829
Amounts owed by group undertakings	2,683,091	4,643,818
Prepayments and accrued income	209,596	147,879
	<u>7,145,290</u>	<u>7,445,526</u>

An impairment loss of £171,923 (2017: £203,938) was recognised against trade debtors.

Amounts owed by group undertakings are unsecured, interest free and are repayable on demand.

16. Cash and cash equivalents

	2018	2017
	£	£
Cash at bank and in hand	<u>4,569,754</u>	<u>2,363,816</u>

Notes to the financial statements

For the financial year ended 31 July 2018

17. Creditors: Amounts falling due within one year

	2018	2017
	£	£
Payments received on account	1,978,101	2,061,022
Trade creditors	3,027,048	3,074,567
Corporation tax	249,135	244,817
Taxation and social security	442,900	186,802
Obligations under finance lease and hire purchase contracts	261,077	335,572
Other creditors	23,306	6,748
Accruals	599,811	385,810
	<u>6,581,378</u>	<u>6,295,338</u>

Trade creditors are payable at various dates over the coming months in accordance with the suppliers' usual and customary credit terms.

Corporation tax and other taxes including social insurance are repayable at various dates over the coming months in accordance with the applicable statutory provisions.

18. Creditors: Amounts falling due after more than one year

	2018	2017
	£	£
Net obligations under finance leases and hire purchase contracts	<u>377,276</u>	<u>598,993</u>

19. Hire purchase and finance leases

Minimum contractual payments under hire purchase fall due as follows:

	2018	2017
	£	£
Within one year	261,077	335,572
Between 1-5 years	377,276	598,993
	<u>638,353</u>	<u>934,565</u>

Notes to the financial statements

For the financial year ended 31 July 2018

20. Deferred taxation

	2018 £	2017 £
At beginning of year	110,725	122,983
Utilised in year	(2,973)	(12,258)
At end of year	<u>107,752</u>	<u>110,725</u>

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Excess of taxation allowances over depreciation on fixed assets	<u>107,752</u>	<u>110,725</u>

21. Share capital

	2018 £	2017 £
1,000,000 Ordinary shares of £1.00 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid 100,000 Ordinary shares of £1.00 each	<u>100,000</u>	<u>100,000</u>

Each share is entitled to one vote in any circumstances.

22. Reserves

Profit and loss account

Includes all current and prior period retained profits and losses.

23. Capital commitments

At 31 July 2018 the company had capital commitments as follows:

	2018 £	2017 £
Contracted for but not provided in these financial statements	<u>660,974</u>	<u>365,220</u>

Notes to the financial statements

For the financial year ended 31 July 2018

24. Pension commitments

The company operates a defined contribution pension scheme for employees. Contributions paid during the year are disclosed in note 7. At the year end the company has accrued £23,094 (2017: £10,227) in respect of pension costs.

25. Related party transactions

The company has availed of the exemptions in FRS102 Section 33, Paragraph 33.1A which allows non disclosure of transactions between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned.

26. Ultimate controlling party

The immediate parent undertaking is Techrete Group Limited, a company incorporated in the Republic of Ireland with a registered office at Stephenstown Industrial Park, Balbriggan, Co. Dublin, K32W665.

The ultimate parent undertaking is Aatazar Unlimited Company, a company incorporated in the Republic of Ireland with a registered office at Stephenstown Industrial Park, Balbriggan, Co. Dublin, K32W665.

Techrete Holdings Limited is the parent undertaking for which consolidated financial statements are prepared, the accounts of which are publicly available in the Companies Registration Office (Republic of Ireland).

Techrete Holdings Limited is the head of the smallest group to prepare consolidated financial statements incorporating the results of the company, and Aatazar Unlimited Company is the head of the largest group to prepare such financial statements.