

Registered number: 09146344

Total Resources (UK) Limited

Financial statements - filing copy

31 July 2020



Total Resources (UK) Limited

Strategic report Year ended 31 July 2020

Introduction

The principal trading activity of the company was the provision of traffic management ("TM") solutions to a wide range of corporate and public sector clients across the United Kingdom. The directors believe that in offering a maximum response time of just two hours the company is one of the leading TM providers in the country.

Business review

The company is submitting audited accounts for the first time for the year ended 31 July 2020.

The year to 31 July 2020 saw turnover remain constant at £9.4mill although the gross profit margin fell from 41% to 34%. The impact of the COVID 19 pandemic damaged the company's trading as orders for work slowed down, whilst at the same time managing shift patterns became more costly. Administrative expenses remained fairly constant compared to last year due to some careful planning performed by the directors.

As a result of this "EBITDA" fell from £1,697,000 (18%) to £930,000 (10%).

Whilst the trading performance was disappointing, the directors believe that whilst net assets fell from £2.3mill to £2mill as a result of a dividend payment, the strength of the balance sheet was improved over the year as a result of strong attention to cash management. Trade Debtors were significantly reduced and creditors were extended where possible and together this generated £1.2mill of cash in the year. That cash recovery performance was achieved alongside adding to the company's fleet of traffic lights which now stands at over five hundred.

Like many businesses trading during the initial COVID 19 lockdown period, the company did encounter some challenges. The directors consider that the company survived these historic circumstances very well however : £1.2mill of cash was generated which puts the company in a strong position to address the developing economic challenges without recourse to any of the government's various support schemes or financial assistance, except for the job retention scheme.

The directors are confident that the year to July 2021 will see material revenue and profitability growth as the company opens depots around the country to service both existing clients who require the company's level of service in new geographic locations, and new clients who are attracted to the company on the strength of its reputation.

Principal risks and uncertainties

The company is subject to the usual commercial pressures which arise from servicing large powerful blue-chip clients and consequently considerable management attention is paid to the credit control function.

The company operates in a challenging work environment with exposure to fast-moving traffic and poor weather conditions. The Health & Safety risks that follow are managed by rigorous attention to accident and incident reporting and a continual commitment to staff training. There were no major staff accidents or public-safety incidents during the year and there have been none to the date of these financial statements.

Coronavirus risk

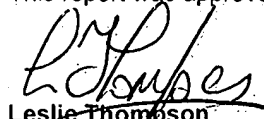
Further to the recent global outbreak of the coronavirus disease (COVID-19), the directors of the company continue to assess the potential risk to the operation of the business on a daily basis. At the time of the signing of these financial statements, there has been no unmanageable impact on either the main contracts, customers or employees within the company (see note 3.2).

The company has several ongoing 'blue chip' contracts and customers and significant financial headroom. The directors have considered several scenarios and sensitivities in relation to working capital, gross margin reduction and a reduction in the pipeline of opportunities which indicate sufficient headroom within the currently available cash and funding facilities.

Total Resources (UK) Limited

Strategic report (continued)
Year ended 31 July 2020

This report was approved by the board on 2 November 2020 and signed on its behalf by:


Leslie Thompson
Director

Total Resources (UK) Limited

Balance sheet At 31 July 2020

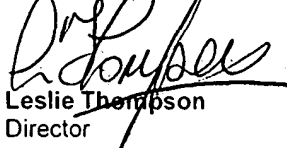
	Note	2020 £	2019 £
Fixed assets			
Tangible assets	5	2,063,836	1,601,530
		<u>2,063,836</u>	<u>1,601,530</u>
Current assets			
Debtors	6	1,908,254	2,650,626
Cash at bank and in hand		1,982,693	802,386
		<u>3,890,947</u>	<u>3,453,012</u>
Creditors: amounts falling due within one year	7	(3,194,499)	(2,421,016)
Net current assets		<u>696,448</u>	<u>1,031,996</u>
Creditors: amounts falling due after more than one year	8	(466,585)	(230,820)
Provisions for liabilities			
Deferred tax		(250,016)	(132,439)
Other provisions	9	(29,598)	(10,598)
Net assets		<u><u>2,014,085</u></u>	<u><u>2,259,669</u></u>
Capital and reserves			
Called up share capital		100	100
Profit and loss account		2,013,985	2,259,569
Shareholders' funds		<u><u>2,014,085</u></u>	<u><u>2,259,669</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

The company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

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


Leslie Thompson
Director

Date: 2 November 2020

Company registered number: 09146344

Total Resources (UK) Limited

Notes to the financial statements Year ended 31 July 2020

1. General information

Total Resources (UK) Limited ('the company') is a private company limited by shares, incorporated and domiciled in the United Kingdom, providing traffic management services throughout the UK.

The address of the registered office is given in the company information page of this annual report.

2. Statement of compliance

The financial statements have been prepared in accordance with Section 1A of Financial Reporting Standard 102 '*The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland*' ('FRS 102') and the Companies Act 2006.

3. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

3.1 Basis of preparation of financial statements

The financial statements are prepared on a going concern basis and under the historical cost convention. They are presented in pounds sterling.

3.2 Going concern

Considering recent global events, which persist at the date of approval of these financial statements, the directors have taken measures to counter the potential impact of COVID-19 on the company's operations and the resultant impact on financial headroom. Contingency plans have been implemented to mitigate the risk of employee absence and supply chain failure through working practices designed to protect employees' welfare and through advance planning of the company's key supply requirements for the coming months.

The company meets its working capital requirements through its operating cash flows. The directors have prepared financial forecasts which indicate that the company will maintain sufficient financial headroom and cash reserves to enable it to continue meeting its liabilities as they fall due in the normal course of business, for at least the next twelve months following approval of these financial statements. Accordingly, they continue to prepare the financial statements on a going concern basis.

Total Resources (UK) Limited

Notes to the financial statements Year ended 31 July 2020

3. Accounting policies (continued)

3.3 Revenue

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

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

3.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price plus any further costs directly attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset over its estimated useful life as follows:

Plant and machinery	-	15% reducing balance
Motor vehicles	-	25% reducing balance
Office equipment	-	33% reducing balance
Asset under construction	-	not depreciated

Asset residual values and useful lives are reviewed at the end of each reporting period, and adjusted if appropriate. The effect of any change is accounted for prospectively.

3.5 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade, intercompany and other debtors and creditors and cash and bank balances.

All such instruments are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, in which case the transaction is measured at the present value of the future receipts discounted at a market rate of interest. All financial instruments are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period, debt financial assets are assessed for impairment, and their carrying value reduced if necessary. Any impairment charge is recognised in the profit and loss account.

Total Resources (UK) Limited

Notes to the financial statements Year ended 31 July 2020

3. Accounting policies (continued)

3.6 Leases

Assets acquired under hire purchase arrangements and finance leases, where substantially all of the risks and rewards of ownership transfer to the lessee, are capitalised and the outstanding future obligations are shown in creditors.

Leases that do not transfer all of the risks and rewards of ownership are classified as operating leases. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

3.7 Employee benefits

Short term benefits

Short term benefits, including the holiday pay and other similar non monetary benefits, are recognised as an expense in the period in which the service is received.

Defined contribution pension plan

The company operates a defined contribution plan for its employees. Contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

3.8 Taxation

The taxation expense for the year comprises current and deferred tax and is recognised in the profit and loss account.

Current tax is the amount of tax payable in respect of the taxable profit for the current or past reporting periods. It is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods. It is recognised in respect of all timing differences, with certain exceptions. Timing differences arise from the inclusion of transactions and events in the financial statements in periods different from those in which they are assessed for tax.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences.

3.9 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.

Total Resources (UK) Limited

Notes to the financial statements Year ended 31 July 2020

4. Employees

The average monthly number of employees, including directors, during the year was 124 (2019 - 111).

5. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Office equipment £	Asset under construction £	Total £
Cost					
At 1 August 2019	1,938,402	498,353	54,348	-	2,491,103
Additions	636,465	206,395	12,227	14,425	869,512
Disposals	(16,487)	(127,458)	-	-	(143,945)
At 31 July 2020	2,558,380	577,290	66,575	14,425	3,216,670
Depreciation					
At 1 August 2019	596,153	248,006	45,414	-	889,573
Charge for the year	244,801	93,154	3,833	-	341,788
Disposals	(8,289)	(70,238)	-	-	(78,527)
At 31 July 2020	832,665	270,922	49,247	-	1,152,834
Net book value					
At 31 July 2020	1,725,715	306,368	17,328	14,425	2,063,836
At 31 July 2019	1,342,249	250,347	8,934	-	1,601,530

6. Debtors

	2020 £	2019 £
Trade debtors	1,588,331	1,957,242
Other debtors	-	3,363
Prepayments and accrued income	319,923	690,021
	<u>1,908,254</u>	<u>2,650,626</u>

Total Resources (UK) Limited

Notes to the financial statements Year ended 31 July 2020

7. Creditors: amounts falling due within one year

	2020 £	2019 £
Other loans	-	11,667
Trade creditors	598,398	478,601
Amounts owed to group undertakings	722,811	702,668
Corporation tax	186,342	254,143
Other taxation and social security	1,067,582	379,618
Obligations under finance lease and hire purchase contracts	381,856	287,979
Other creditors	50,225	106,484
Accruals and deferred income	187,285	199,856
	<u>3,194,499</u>	<u>2,421,016</u>

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

	2020 £	2019 £
Net obligations under finance leases and hire purchase contracts	<u>466,585</u>	<u>230,820</u>

9. Provisions

	Other £	Onerous lease provision £	Total £
At 1 August 2019	10,598	-	10,598
Charged to profit and loss account	-	19,000	19,000
At 31 July 2020	<u>10,598</u>	<u>19,000</u>	<u>29,598</u>

10. Related party transactions

During the year, rent of £82,500 (2019: £55,000) was paid to LT & JS Properties UK Limited, a company which Mr Leslie Thompson has a common directorship. As at 31 July 2020, the company owed LT & JS Properties UK Limited £nil (2019: £3,314). The company also owed Mr Leslie Thompson £nil (2019: £1,459).

Total Resources (UK) Limited

Notes to the financial statements Year ended 31 July 2020

11. Controlling party.

The immediate and ultimate parent undertaking, and the only group to consolidate these financial statements is Total Resources (Holdings) Limited (formally Brabco 1707 Limited). Copies of which can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

12. Auditors' Information

The auditors' report on the financial statements for the year ended 31 July 2020 was unqualified.

The audit report was signed on 2 November 2020 by Michael Morris FCA, FCCA (senior statutory auditor) on behalf of UNW LLP.