

Company Registration No. 00258810 (England and Wales)

J T MACKLEY & CO LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 DECEMBER 2019

J T MACKLEY & CO LIMITED

COMPANY INFORMATION

Directors	Mr R Pope Mr A J Camilleri Mr R Sargeant Mr G C Page
Secretary	Mr R Pope
Company number	00258810
Registered office	Bankside House Henfield Road Small Dole Henfield West Sussex BN5 9XG
Auditor	MHA Carpenter Box Amelia House Crescent Road Worthing West Sussex BN11 1QR
Business address	Bankside House Henfield Road Small Dole Henfield West Sussex BN5 9XG

J T MACKLEY & CO LIMITED

CONTENTS

	Page
Strategic report	1 - 3
Directors' report	4 - 5
Directors' responsibilities statement	6
Independent auditor's report	7 - 8
Statement of comprehensive income	9
Statement of financial position	10
Statement of changes in equity	11
Notes to the financial statements	12 - 25

J T MACKLEY & CO LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 29 DECEMBER 2019

The directors present the strategic report and financial statements for the period ended 29 December 2019.

Fair review of the business

J T Mackley & Co Limited is a civil engineering contractor specialising in the water industry, and coastal and marine construction. The company operates mainly in the South, the East and in the London area.

The company's long-standing reputation and technical expertise enables it to deliver quality projects safely, on time and at realistic cost.

The strategy of the business is to increase its market share in existing core business, whilst pursuing expansion into other market segments. A strategy document was produced in 2019 to cover the period 2019-2024.

There is a medium-term plan for investment in new and replacement plant and equipment, which is supported by the larger Van Oord group and which is funded through positive cash flow.

Review of the year

In 2019 the company changed its accounts reporting date to align with the Van Oord group, and the financial statements are for a 13-month year. All figures quoted are as per the accounts year and the reader is advised to consider this when analysing year on year variances.

Turnover in 2019 reduced from £36.9m in 2018 to £33.7m, a fall of £3m. Pre-tax profit improved from 2.0% of turnover in 2018 to 4.5% in 2019. Project margins showed a considerable improvement and, although the market remains competitive, we achieved some good results through strategic negotiations in targeted areas, particularly the "legacy" contracts with the Environment Agency under the WEM framework. In addition, equipment utilisation continued to improve and overheads were successfully managed.

The largest client, which has continued to produce a significant proportion of turnover, is the Environment Agency.

The Shoreham Adur Tidal Walls Scheme completed in early 2019 with a final value of £33m and ultimately provided confidence that the company has the resources to carry out projects of a similar size.

Site teams remained fully engaged and the pre-construction function secured some sizeable local projects for delivery during 2020 and 2021. During the year we progressed additional frameworks won in the previous year, namely Sutton and East Surrey Water, RNL Construction and East Kent Engineering Partnership.

The PFI consortium Pevensy Coastal Defence Ltd, of which the company is a partner for beach frontage works for the Environment Agency, continues to be successful for all of the PFI partners and has provided the business with a long term maintenance contract which has a further six years to completion.

At the time of this report the company is on course to exceed its target of £37m of turnover for 2020. Overheads will continue to be strategically managed and the plant fleet will be improved during the year with further investment planned.

Key performance indicators

The directors consider that the key performance indicators and risk mitigation measures below enable the business to be managed robustly and strategically and will support the organisational growth plans.

	2019 (£000)	2018 (£000)	% Change
Revenue	33,679	36,889	-8.7%
Gross Profit	8,919	7,619	+17.0%
Profit before tax	1,514	730	+207.5%
Post tax profit	1,235	593	+207.8%
Net Assets	5,236	5,001	+4.7%
Turnover achieved from Environment Agency - % of total	64.3%	77.3%	-10.9%

J T MACKLEY & CO LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 29 DECEMBER 2019

The Board of Directors meets monthly to monitor the progress of the business and to evaluate and discuss principal risks. This is augmented by quarterly meetings with parent company executives. In addition, a team of senior and departmental managers meets regularly to report on business objectives and KPIs, and to monitor strategy. This process ensures that any risks and uncertainties are identified and understood by stakeholders as appropriate.

Principal risks and uncertainties

The directors have identified the following principal risks and uncertainties affecting the company:

Market risk - The company can be affected by delays in construction programmes and uncertainties in the client's design and planning. We manage this by engaging with the client and the client's representatives at the earliest opportunity, before the project is let out to tender if possible, with the aim of being a strategic partner throughout the whole project phase.

Tendering on price alone remains competitive and in order to win work we have to explore other initiatives such as innovation, quality, and added value, as part of this partnering initiative.

A significant proportion of the company's workload has been with the Environment Agency, however in line with strategy, this has reduced, and through strategic marketing the company continues to pursue additional income sources. We regularly monitor data on potential customers, opportunities and competitors.

Health, Safety and Quality risk – the company can be affected by compliance and reputational risks. We manage this by continuing to maintain a fully certified Integrated Management System for the management standards ISO9001, ISO14001 and OHSAS18001, within each of which there are dedicated processes that enable us to monitor and manage our organisations' business effectively.

During 2019 there were two RIDDOR-reportable incidents, thankfully both Injured Persons were declared fit within two weeks. The directors recognise that accidents are always possible and are committed to avoiding work related injuries and promoting wellbeing through effective planning, training and ongoing communication. Training for Mental Health First Aiders has been a priority during the last 12 months and there are now six team members providing support and signposting.

Environment risk - as a civil engineering contractor the company can be affected by environmental risks. We manage this through our accreditation to ISO 14001 and have effective systems in place which are subject to regular review. We have vast experience in numerous environmental fields, and continue to maintain high standards of commitment and management. The company's commitment to Euro IV B fuel efficient engines, biodegradable oil and electric or hybrid vehicles remains the policy going forward. The company strives to continually improve its environmental performance through our ongoing sustainability initiatives.

Procurement risk – the company can be affected by inflation, currency, supply chain failure and any other risks which could manifest following the UK's departure from the European Union. Inflation risks are mitigated by the length of the contracts we operate and the contract conditions, and we apply protective clauses to tenders where the project period is in excess of 12 months. Currency risk is mitigated by including an item in the Risk Register for each project at time of tender, and by using our international parent to support us.

People risk – the biggest risk is staff turnover and possible shortage of key resources. We mitigate this by maintaining relationships with our supply chain, particularly to manage staffing requirements, and by strategic and targeted training processes. Succession planning remains high on the agenda and applies at all levels and grades. We use the Investors in People standard to benchmark our employee engagement.

J T MACKLEY & CO LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 29 DECEMBER 2019

COVID-19 pandemic – this has brought uncertainties and risks not seen in recent history to all businesses and individuals. With valuable assistance from our IT support function we were able to respond swiftly to the lockdown measures by facilitating a switch to homeworking for our office-based employees, and by installing safety measures swiftly to our site operations.

As referred to in the accounting policies note regarding “Going concern” the company has operated throughout the period of lockdown at the majority of our ongoing sites, with only a handful of furloughs. Our employees have received regular staff bulletins, risk assessments and guidance in safe working practices to reduce the risk. Despite the impact of social distancing and restrictions in workplace environments, the company has enjoyed record monthly turnover in 2020 on two occasions.

The company has been able to utilise support available from the UK Government, including the CJRS, SSP refunds and VAT deferment. VAT payable for the quarter ended March 2020 has contributed to a healthy cash flow in 2020 and will be paid by instalments under HMRC’s Payments On Account scheme from September.

The Directors consider that the key performance indicators and risk mitigation measures above enable the business to be managed robustly and strategically and will support the organisational growth plans.

On behalf of the board

Mr R Pope

Director

29 July 2020

J T MACKLEY & CO LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 29 DECEMBER 2019

The directors present their report and financial statements for the 56 week period ended 29 December 2019. The comparatives relate to the 52 week period of 4 December 2017 to 2 December 2018 which may affect comparability.

Directors

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

Mr R Pope
Mr A J Camilleri
Mr R Sargeant
Mr G C Page

Results and dividends

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

Future developments

The directors believe that there are currently no major future developments requiring disclosure.

Auditor

The auditor, MHA Carpenter Box, 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 company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Financial risk management objectives and policies

The company operates management policies designed to minimise its exposure to financial risk:

Credit risk

The company operates a number of policies and procedures designed to mitigate credit risk. In particular, before entering into a transaction with a customer a detailed credit review is undertaken to determine whether or not, in the opinion of the directors, the customer has the ability to meet its debts as they fall due.

Liquidity and cash flow risk

The company operates a range of policies to ensure there is sufficient liquidity and cash to meet its liabilities. Regular cash flow forecasts are prepared to ensure the company is able to pay its debts as they fall due.

Price risk

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required to be contained in the directors' report. It has done so in respect of the company's exposure to price risk and disclosure of its principal activity.

J T MACKLEY & CO LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 29 DECEMBER 2019

On behalf of the board

Mr R Pope
Director

29 July 2020

J T MACKLEY & CO LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE PERIOD ENDED 29 DECEMBER 2019

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

J T MACKLEY & CO LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF J T MACKLEY & CO LIMITED

Opinion

We have audited the financial statements of J T Mackley & Co Limited (the 'company') for the period ended 29 December 2019 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity 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 company's affairs as at 29 December 2019 and of its profit for the period 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 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.

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 period 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.

J T MACKLEY & CO LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF J T MACKLEY & CO LIMITED

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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.

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.

Robert Dowling FCA (Senior Statutory Auditor)
for and on behalf of MHA Carpenter Box
Chartered Accountants
Statutory Auditor
Worthing

4 August 2020

MHA Carpenter Box is a trading name of Carpenter Box Limited

J T MACKLEY & CO LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 29 DECEMBER 2019

		Period ended 29 December 2019 £	Period ended 2 December 2018 £
	Notes		
Revenue	3	33,679,334	36,888,962
Cost of sales		(24,760,614)	(29,269,807)
Gross profit		8,918,720	7,619,155
Administrative expenses		(7,686,608)	(7,095,452)
Other operating income		192,529	131,011
Operating profit	4	1,424,641	654,714
Investment income	7	88,962	78,972
Finance costs		-	(4,121)
Profit before taxation		1,513,603	729,565
Taxation	8	(279,000)	(136,094)
Profit for the financial period		1,234,603	593,471
Other comprehensive income		-	-
Total comprehensive income for the period		1,234,603	593,471

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

J T MACKLEY & CO LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 29 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Non-current assets					
Property, plant and equipment	10	3,461,794		3,355,127	
Investments	11	131,799		131,799	
		<u>3,593,593</u>		<u>3,486,926</u>	
Current assets					
Inventories		13,866		7,672	
Trade and other receivables	15	7,660,891		7,866,545	
Cash and cash equivalents		1,908,276		1,582,265	
		<u>9,583,033</u>		<u>9,456,482</u>	
Current liabilities	16	(7,647,282)		(7,818,421)	
Net current assets		<u>1,935,751</u>		<u>1,638,061</u>	
Total assets less current liabilities		<u>5,529,344</u>		<u>5,124,987</u>	
Provisions for liabilities	17	(293,454)		(123,700)	
Net assets		<u>5,235,890</u>		<u>5,001,287</u>	
Equity					
Called up share capital	20	500,001		500,001	
Share premium account	21	52,430		52,430	
Retained earnings		4,683,459		4,448,856	
Total equity		<u>5,235,890</u>		<u>5,001,287</u>	

The financial statements were approved by the board of directors and authorised for issue on 29 July 2020 and are signed on its behalf by:

Mr A J Camilleri
Director

Company Registration No. 00258810

J T MACKLEY & CO LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 29 DECEMBER 2019

	Notes	Share capital £	Share premium account £	Retained earnings £	Total £
Balance at 4 December 2017		500,001	52,430	3,855,385	4,407,816
Period ended 2 December 2018:					
Profit and total comprehensive income for the period		-	-	593,471	593,471
Balance at 2 December 2018		500,001	52,430	4,448,856	5,001,287
Period ended 29 December 2019:					
Profit and total comprehensive income for the period		-	-	1,234,603	1,234,603
Dividends	9	-	-	(1,000,000)	(1,000,000)
Balance at 29 December 2019		500,001	52,430	4,683,459	5,235,890

J T MACKLEY & CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 29 DECEMBER 2019

1 Accounting policies

Company information

J T Mackley & Co Limited is a private company limited by shares incorporated in England and Wales. The registered office is Bankside House, Henfield Road, Small Dole, Henfield, West Sussex, BN5 9XG.

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 £1.

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

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

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

J T Mackley & Co Limited is a wholly owned subsidiary of the ultimate parent Van Oord NV. The registered office is Schaardijk 211, Postbus 8574, 3009 AN Rotterdam, The Netherlands. The results of J T Mackley & Co Limited are included in the consolidated financial statements of Van Oord NV which are available from <http://annualreport.vanoord.com>.

J T MACKLEY & CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 DECEMBER 2019

1 Accounting policies

(Continued)

1.2 Going concern

The financial statements have been prepared on a going concern basis. The directors have considered relevant information, including the annual budget, forecast future cash flows and the impact of subsequent events in making their assessment. The COVID-19 pandemic and the ensuing economic shutdown has had a significant impact on the company's operations. As explained in the strategic report, the majority of sites currently operated are classified as essential activities and therefore contracts have continued to be undertaken and most operational staff classified as key workers. Any office based staff have been working remotely with a minimal number of non-essential staff furloughed. In response to the COVID-19 pandemic, the directors have performed a robust analysis of forecast future cash flows taking into account the potential impact on the business of possible future scenarios arising from the impact of COVID-19. This analysis also considers the effectiveness of available measures to assist in mitigating the impact.

Based on these assessments and having regard to the resources available to the entity, the directors have concluded that there is no material uncertainty in relation to the appropriateness of continuing to adopt the going concern basis in preparing the annual report and accounts.

1.3 Reporting period

The financial statements have been prepared for a 56 week period and the comparative period is 52 weeks. This is to bring the year end in line with the parent company. As a result, the comparative period amounts presented in these financial statements will not be entirely comparable.

1.4 Revenue

Revenue is recognised at the fair value of the consideration received or receivable for construction services provided in the normal course of business, and is shown net of VAT and trade discounts.

Revenue from contracts for the provision of construction services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.5 Property, plant and equipment

Property, plant and equipment is initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

Leasehold improvements	Over the term of the lease
Plant and machinery	15-25% diminishing balance per annum
Fixtures, fittings and equipment	20-25% diminishing balance per annum
Motor vehicles	25% diminishing balance per annum

Depreciation on leasehold improvements has not been recognised as the assets are not yet in use at the year end.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

J T MACKLEY & CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 DECEMBER 2019

1 Accounting policies

(Continued)

1.6 Non-current investments

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

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

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

1.7 Impairment of non-current assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

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

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

1.8 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of inventories 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.

1.9 Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

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

Where the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as expenses in the period in which they are incurred and contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable.

J T MACKLEY & CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 DECEMBER 2019

1 Accounting policies

(Continued)

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

1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include deposits held at call with banks.

1.11 Financial assets and liabilities

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

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.12 Equity instruments

Equity instruments issued by the company 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 company.

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 income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

J T MACKLEY & CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 DECEMBER 2019

1 Accounting policies

(Continued)

Deferred tax

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

1.14 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the period they are payable.

1.17 Other operating income

Other operating income relates to rent receivable, management charges rendered, and other sundry income recognised in the period to which they relate.

J T MACKLEY & CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 DECEMBER 2019

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

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

Construction contracts

Revenue derived from construction services include a judgement of the stage of completion at the year end. This judgement is used to determine the amount of revenue and profit to recognise in relation to each contract, which is still ongoing at the end of the reporting period. The stage of completion is calculated based on the assessment of qualified quantity surveyors of the costs incurred for work performed in conjunction with expected final contract costs and overall profitability.

The provisions for losses on contracts are included for expected losses made on contracts in progress at the balance sheet date.

3 Revenue

	2019 £	2018 £
Revenue analysed by class of business		
Construction contracts	33,679,334	36,888,962
	<u> </u>	<u> </u>
	2019 £	2018 £
Other significant revenue		
Interest income	7,192	10,831
Dividends received	81,770	68,141
	<u> </u>	<u> </u>
	2019 £	2018 £
Revenue analysed by geographical market		
United Kingdom	33,414,486	36,876,292
Kuwait	-	12,670
Russia	264,848	-
	<u> </u>	<u> </u>
	33,679,334	36,888,962
	<u> </u>	<u> </u>

J T MACKLEY & CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 DECEMBER 2019

4 Operating profit

	2019	2018
	£	£
Operating profit for the period is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	32,750	31,000
Depreciation of owned property, plant and equipment	956,642	866,769
Profit on disposal of property, plant and equipment	(52,384)	(7,924)
Operating lease charges	302,321	277,775
	<u>302,321</u>	<u>277,775</u>

5 Employees

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

	2019 Number	2018 Number
Site management	37	39
Head office/administration	35	31
Workshops and stores	9	8
Plant and civil engineering operatives	38	36
	<u>119</u>	<u>114</u>

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	6,476,695	6,068,121
Social security costs	684,039	594,793
Pension costs	325,266	271,251
	<u>7,486,000</u>	<u>6,934,165</u>

6 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	526,058	483,063
Company pension contributions to defined contribution schemes	73,942	70,788
	<u>600,000</u>	<u>553,851</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2018: 4).

J T MACKLEY & CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 DECEMBER 2019

6 Directors' remuneration

(Continued)

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

	2019 £	2018 £
Remuneration for qualifying services	137,548	123,910
Company pension contributions to defined contribution schemes	16,847	24,154
	<u>154,395</u>	<u>148,064</u>

7 Investment income

	2019 £	2018 £
Interest income		
Interest on bank deposits	7,192	10,831
Other income from investments		
Dividends received	81,770	68,141
	<u>88,962</u>	<u>78,972</u>

8 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	150,000	180,630
	<u>150,000</u>	<u>180,630</u>
Deferred tax		
Origination and reversal of timing differences	129,000	(44,536)
	<u>129,000</u>	<u>(44,536)</u>
Total tax charge	<u>279,000</u>	<u>136,094</u>

J T MACKLEY & CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 DECEMBER 2019

8 Taxation

(Continued)

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

	2019 £	2018 £
Profit before taxation	1,513,603	729,565
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	287,585	138,617
Tax effect of expenses that are not deductible in determining taxable profit	3,000	10,775
Dividend income	(15,536)	(12,947)
Other reconciling items	3,951	(351)
Taxation charge for the period	279,000	136,094

9 Dividends

	2019 £	2018 £
Final paid	1,000,000	-

10 Property, plant and equipment

	Leasehold improvements	Plant and fixtures, machinery and equipment	fittings	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 3 December 2018	26,823	5,380,548	700,556	1,047,819	7,155,746
Additions	5,349	1,195,776	29,023	159,654	1,389,802
Disposals	-	(869,320)	-	(140,181)	(1,009,501)
At 29 December 2019	32,172	5,707,004	729,579	1,067,292	7,536,047
Depreciation and impairment					
At 3 December 2018	-	2,823,943	499,304	477,372	3,800,619
Depreciation charged in the period	-	733,308	48,888	174,446	956,642
Eliminated in respect of disposals	-	(560,543)	-	(122,465)	(683,008)
At 29 December 2019	-	2,996,708	548,192	529,353	4,074,253
Carrying amount					
At 29 December 2019	32,172	2,710,296	181,387	537,939	3,461,794
At 2 December 2018	26,823	2,556,605	201,252	570,447	3,355,127

J T MACKLEY & CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 DECEMBER 2019

11 Fixed asset investments

	Notes	2019 £	2018 £
Investments in subsidiaries	12	2	2
Investments in associates	13	131,797	131,797
		<u>131,799</u>	<u>131,799</u>

12 Subsidiaries

These financial statements are separate company financial statements for J T Mackley & Co Limited.

Details of the company's subsidiaries at 29 December 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Mackley Construction Limited	Bankside House, Henfield Road, Small Dole, West Sussex, BN5 9XQ	Dormant	Ordinary	100	0

13 Associates

Details of the company's associates at 29 December 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Team Van Oord Limited	Bankside House, Henfield Road, Small Dole, West Sussex, BN5 9XQ	Design and construction of fluvial and coastal civil engineering project	Ordinary	25	0
Pevensey Coastal Defence Limited	Westminster House, Crompton Way, Segensworth West, Fareham, Hampshire, PO15 5SS	Provision of flood defence services	Ordinary	14	0

J T MACKLEY & CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 DECEMBER 2019

14 Construction contracts

	2019	2018
	£	£
Contracts in progress at the reporting date		
Gross amounts due from contract customers included in debtors	3,000,393	4,140,592

At 29 December 2019, retentions held by customers for contract work amounted to £2,176,476 (2018: £1,494,140). These retentions are recognised in trade receivables. Included within these retentions are amounts of £322,929 (2018: £738,136) which are due for settlement after more than 12 months.

Advances received from customers for contract work amounted to £528,403 (2018: £204,000). These are recognised in current liabilities.

15 Trade and other receivables

	2019	2018
	£	£
Amounts falling due within one year:		
Trade receivables	4,122,522	2,703,743
Gross amounts due from contract customers	3,000,393	4,140,592
Amounts due from fellow group undertakings	19,277	-
Other receivables	46,985	104,649
Prepayments and accrued income	148,785	179,425
	<u>7,337,962</u>	<u>7,128,409</u>
Amounts falling due after more than one year:		
Trade receivables	322,929	738,136
	<u>322,929</u>	<u>738,136</u>
Total debtors	<u>7,660,891</u>	<u>7,866,545</u>

16 Current liabilities

	2019	2018
	£	£
Payments received on account	528,403	204,000
Trade payables	5,444,178	6,849,902
Amounts due to group undertakings	127,838	82,326
Amounts due to associates	6,750	80,000
Corporation tax	13,100	175,000
Other taxation and social security	1,205,020	164,791
Other payables	266,218	214,282
Accruals and deferred income	55,775	48,120
	<u>7,647,282</u>	<u>7,818,421</u>

J T MACKLEY & CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 DECEMBER 2019

17 Provisions for liabilities

	Notes	2019 £	2018 £
Provision for contract losses		59,454	18,200
Deferred tax liabilities	18	234,000	105,500
		<u>293,454</u>	<u>123,700</u>

Movements on provisions apart from retirement benefits and deferred tax liabilities:

	Provision for contract losses £
At 3 December 2018	18,200
Recognition of provision	59,454
Utilisation of provision	(18,200)
At 29 December 2019	<u>59,454</u>

18 Deferred taxation

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

	Liabilities 2019 £	Liabilities 2018 £
Balances:		
Accelerated capital allowances	<u>234,000</u>	<u>105,500</u>
Movements in the period:		2019 £
Liability at 3 December 2018		105,500
Charge to profit or loss		<u>128,500</u>
Liability at 29 December 2019		<u>234,000</u>

The directors have considered the deferred tax assets and liabilities notes above and concluded that it is not possible to state the estimated assets and liabilities which will reverse within the next 12 months. This is due to the level of reversal being dependent on events which are not yet known.

J T MACKLEY & CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 DECEMBER 2019

19 Retirement benefit schemes

	2019	2018
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	325,266	271,251

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

20 Share capital

	2019	2018
	£	£
Ordinary share capital		
Authorised, issued and fully paid		
500,001 ordinary shares of £1 each	500,001	500,001

Ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights.

21 Share premium account

This reserve represents the excess of the issue price over the par value on shares issued less transaction costs.

22 Operating lease commitments

Lessee

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

	2019	2018
	£	£
Within one year	283,615	268,600
Between two and five years	809,003	807,871
In over five years	545,835	727,780
	1,638,453	1,804,251

J T MACKLEY & CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 DECEMBER 2019

23 Related party transactions

Transactions with related parties

During the year the company raised sales invoices totalling £19,576,889 (2018: £23,860,962) and rendered management fees totalling £24,050 (2018: £29,510) to Team Van Oord Limited a joint venture between the company, Van Oord UK Limited, Keir MG Limited and Royal Haskoning DHV. In addition, management fees of £14,562 (2018: £83,684), expenditure recharges of £162,968 (2018: £78,515) and sundry invoices of £2,373 (2018: £611) were paid to the same related party. The outstanding creditor at the year end was £6,750 (2018: £80,000). Within trade debtors are contract debtors £1,239,683 (2018: £856,541) at the year end.

During the year the company had sales totalling £617,522 (2018: £528,542) with Pevensey Coastal Defence Limited, an associate. In addition, management fees of £8,840 (2018: £8,160) were received. Within trade debtors are contract debtors of £92,603 (2018: £144,865) at the year end.

24 Directors' transactions

At the year end date, the directors owed the company £11,514 (2018: £14,980).

25 Ultimate controlling party

The company is a 100% subsidiary of Van Oord UK Limited.

The ultimate parent company is Van Oord NV, a company controlled by its directors and no one party has ultimate control.

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