

Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 30 September 2022
for
DEM-MASTER DEMOLITION LTD

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for the Year Ended 30 September 2022

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DEM-MASTER DEMOLITION LTD

Company Information
for the Year Ended 30 September 2022

DIRECTORS:

P H Speedie
J R McCulloch
R Hay

REGISTERED OFFICE:

Pottishaw Place
Whitehill Industrial Estate
Bathgate
West Lothian
EH48 2EN

REGISTERED NUMBER:

SC165457 (Scotland)

AUDITORS:

Sharles Audit Limited
Statutory Auditor
29 Brandon Street
Hamilton
ML3 6DA

Strategic Report
for the Year Ended 30 September 2022

The directors present their strategic report for the year ended 30 September 2022.

REVIEW OF BUSINESS

The directors are satisfied with the performance of the company during the last 12 months, particularly in light of the current economic climate.

The profit for the year, before taxation, amounted to £41,601 (2021 - £199,979). The company's financial position in terms of the net asset position was £4,342,114 (2021 - £1,456,586).

The site from which the company trades is 100% owned and controlled by a former director, R McCulloch through McCulloch Properties Limited, a self invested personal pension scheme, and personal ownership. The current value of the entire sites from which the company operates totals £20m, all of which are controlled by R McCulloch, outwith Dem-master Demolition Ltd, totalling approximately £15m.

The company has once again invested heavily into the development of its workforce (with continual training and upskilling, keeping up to date with current Health & Safety Legislation and Guidance. Investing in the longevity of the company's workforce remains a priority.

The company continues to qualify for frameworks etc from Central England to the North of Scotland. This allows us to target work in the public sector ie NHS and local authorities.

We are still feeling the effects of COVID which has caused severe staffing issues which have been felt throughout the country, not only a shortage but a lack of skill more specifically within our industry, As well as staffing issues there is the general unpredictability in our economy such as material shortages and rising costs.

The site at Charles Street, Glasgow is continuing to benefit our operation and is greatly assisting our work in Glasgow where we currently have a large proportion of our contracts. Plans are in place for major investment in the site which will impact the business and the environment more positively. This is due to the majority of our larger contract being in Glasgow and the surrounding area.

Strategic Report
for the Year Ended 30 September 2022

PRINCIPAL RISKS AND UNCERTAINTIES

The company uses various financial instruments which include cash and various items, such as trade debtors and trade creditors that arise from its operations. The main purpose of these financial instruments is to raise the finance for the company's operations. The main risks arising from the company's financial instruments are market risk, cash flow interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Market risk

Market risk encompasses three types of risk being currency risk, fair value interest rate risk and price risk. The company conducts all transactions in Sterling and therefore has no material exposure to currency risk. Other risks are summarised below.

Price risk

Price risk in financial instruments may exist where their value varies in accordance with currency, interest rate or other market movements. None of the company's financial instruments are subject to any market movements affecting price risk. In summary therefore exposure to price risk is not considered material.

Commodity Risk

The business model relies heavily on being competitive in a volatile market. Thus, we rely on the recovery of commodity material for resale to boost margin. Uncertainty in the market can affect rebates paid, having a consequential effect on our pricing model. Brexit is having a consequential effect of commodity trading with fewer off-takers and more red tape.

Legislative Risk

The industry is controlled by legislative increases year on year that dictate disposal prices at third party sites. The company's strategy is to divert material from landfill, however alternative off-takers align their rates with increases set by the government.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Interest rate risk

The interest rate on the company's cash at bank, including overdraft facility, is determined by reference to base rate and therefore the interest rate risk is not considered material to those financial instruments' fair value.

Credit risk

In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

Brexit

The company acknowledges that Brexit continues to be an ongoing issue that may impact on the business but yet the longer-term implications on the company and the UK economy as a whole are uncertain, however we are now starting to see significant delays in our supply chain with the impact of import/export laws changing.

ON BEHALF OF THE BOARD:

J R McCulloch - Director

20 July 2023

Report of the Directors
for the Year Ended 30 September 2022

The directors present their report with the financial statements of the company for the year ended 30 September 2022.

PRINCIPAL ACTIVITY

The principle activity of the company continued to be the provision of demolition services.

DIVIDENDS

No dividends will be distributed for the year ended 30 September 2022.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 October 2021 to the date of this report.

P H Speedie
J R McCulloch
R Hay

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Report of the Directors
for the Year Ended 30 September 2022

AUDITORS

The auditors, Sharles Audit Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

J R McCulloch - Director

20 July 2023

Report of the Independent Auditors to the Members of
Dem-Master Demolition Ltd

Opinion

We have audited the financial statements of Dem-Master Demolition Ltd (the 'company') for the year ended 30 September 2022 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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 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 30 September 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of
Dem-Master Demolition Ltd

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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 set out on page four, 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 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.

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management and those charged with governance around actual and potential litigation and claims and as well as actual, suspected and alleged fraud;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators or potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of noncompliance. 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Report of the Independent Auditors to the Members of
Dem-Master Demolition Ltd

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 a Report of the Auditors 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 Andrew Pollock CA (Senior Statutory Auditor)
for and on behalf of Charles Audit Limited
Statutory Auditor
29 Brandon Street
Hamilton
ML3 6DA

20 July 2023

DEM-MASTER DEMOLITION LTD (REGISTERED NUMBER: SC165457)

Income Statement
for the Year Ended 30 September 2022

	Notes	2022 £	2021 £
TURNOVER	4	31,131,152	15,183,665
Cost of sales		28,609,554	12,531,129
GROSS PROFIT		2,521,598	2,652,536
Administrative expenses		2,447,422	2,680,501
		74,176	(27,965)
Other operating income		28,621	151,170
OPERATING PROFIT	6	102,797	123,205
Interest receivable and similar income		2,400	3,800
		105,197	127,005
Amounts written off investments	7	54,694	(81,505)
		50,503	208,510
Interest payable and similar expenses	8	8,902	8,531
PROFIT BEFORE TAXATION		41,601	199,979
Tax on profit	9	156,073	85,573
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(114,472)	114,406

DEM-MASTER DEMOLITION LTD (REGISTERED NUMBER: SC165457)

Other Comprehensive Income
for the Year Ended 30 September 2022

	Notes	2022 £	2021 £
(LOSS)/PROFIT FOR THE YEAR		(114,472)	114,406
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(114,472)</u>	<u>114,406</u>

DEM-MASTER DEMOLITION LTD (REGISTERED NUMBER: SC165457)

Balance Sheet
30 September 2022

	Notes	2022 £	£	2021 £	£
FIXED ASSETS					
Tangible assets	10		2,163,621		2,820,122
CURRENT ASSETS					
Debtors	11	21,112,268		17,142,700	
Investments	12	419,285		473,979	
Cash at bank		<u>3,019,046</u>		<u>4,283,320</u>	
		24,550,599		21,899,999	
CREDITORS					
Amounts falling due within one year	13	<u>15,652,501</u>		<u>13,830,668</u>	
NET CURRENT ASSETS			<u>8,898,098</u>		<u>8,069,331</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			11,061,719		10,889,453
CREDITORS					
Amounts falling due after more than one year	14		(6,392,484)		(6,157,500)
PROVISIONS FOR LIABILITIES	17		<u>(327,121)</u>		<u>(275,367)</u>
NET ASSETS			<u><u>4,342,114</u></u>		<u><u>4,456,586</u></u>
CAPITAL AND RESERVES					
Called up share capital	18		1,000		1,000
Retained earnings	19		<u>4,341,114</u>		<u>4,455,586</u>
SHAREHOLDERS' FUNDS			<u><u>4,342,114</u></u>		<u><u>4,456,586</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 20 July 2023 and were signed on its behalf by:

P H Speedie - Director

DEM-MASTER DEMOLITION LTD (REGISTERED NUMBER: SC165457)

Statement of Changes in Equity
for the Year Ended 30 September 2022

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 October 2020	1,000	4,341,180	4,342,180
Changes in equity			
Total comprehensive income	-	114,406	114,406
Balance at 30 September 2021	<u>1,000</u>	<u>4,455,586</u>	<u>4,456,586</u>
Changes in equity			
Total comprehensive income	-	(114,472)	(114,472)
Balance at 30 September 2022	<u>1,000</u>	<u>4,341,114</u>	<u>4,342,114</u>

DEM-MASTER DEMOLITION LTD (REGISTERED NUMBER: SC165457)

Cash Flow Statement
for the Year Ended 30 September 2022

	Notes	2022 £	2021 £
Cash flows from operating activities			
Cash generated from operations	1	(1,182,455)	(473,520)
Interest paid		(7,735)	-
Interest element of hire purchase payments paid		(1,167)	(8,531)
Tax paid		6,022	212,851
Net cash from operating activities		<u>(1,185,335)</u>	<u>(269,200)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(53,946)	(552,599)
Sale of tangible fixed assets		86,774	-
Sale of investment property		-	600,000
Interest received		2,400	3,800
Net cash from investing activities		<u>35,228</u>	<u>51,201</u>
Cash flows from financing activities			
Loan repayments in year		(10,000)	-
Capital repayments in year		(104,167)	(323,616)
Net cash from financing activities		<u>(114,167)</u>	<u>(323,616)</u>
Decrease in cash and cash equivalents		<u>(1,264,274)</u>	<u>(541,615)</u>
Cash and cash equivalents at beginning of year	2	4,283,320	4,824,935
Cash and cash equivalents at end of year	2	<u>3,019,046</u>	<u>4,283,320</u>

DEM-MASTER DEMOLITION LTD (REGISTERED NUMBER: SC165457)

Notes to the Cash Flow Statement
for the Year Ended 30 September 2022

1. **RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2022	2021
	£	£
Profit before taxation	41,601	199,979
Depreciation charges	691,547	851,858
Profit on disposal of fixed assets	(67,874)	-
Change in fair value of investments	54,694	(81,505)
Finance costs	8,902	8,531
Finance income	(2,400)	(3,800)
	<u>726,470</u>	<u>975,063</u>
Increase in trade and other debtors	(4,050,336)	(173,461)
Increase/(decrease) in trade and other creditors	<u>2,141,411</u>	<u>(1,275,122)</u>
Cash generated from operations	<u>(1,182,455)</u>	<u>(473,520)</u>

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 30 September 2022

	30.9.22	1.10.21
	£	£
Cash and cash equivalents	<u>3,019,046</u>	<u>4,283,320</u>

Year ended 30 September 2021

	30.9.21	1.10.20
	£	£
Cash and cash equivalents	<u>4,283,320</u>	<u>4,824,935</u>

Notes to the Cash Flow Statement
for the Year Ended 30 September 2022

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.10.21 £	Cash flow £	At 30.9.22 £
Net cash			
Cash at bank	<u>4,283,320</u>	<u>(1,264,274)</u>	<u>3,019,046</u>
	<u>4,283,320</u>	<u>(1,264,274)</u>	<u>3,019,046</u>
Liquid resources			
Current asset investments	<u>473,979</u>	<u>(54,694)</u>	<u>419,285</u>
	<u>473,979</u>	<u>(54,694)</u>	<u>419,285</u>
Debt			
Finance leases	(104,167)	104,167	-
Debts falling due within 1 year	(10,000)	(16)	(10,016)
Debts falling due after 1 year	<u>(40,000)</u>	<u>10,016</u>	<u>(29,984)</u>
	<u>(154,167)</u>	<u>114,167</u>	<u>(40,000)</u>
Total	<u>4,603,132</u>	<u>(1,204,801)</u>	<u>3,398,331</u>

Notes to the Financial Statements
for the Year Ended 30 September 2022

1. **STATUTORY INFORMATION**

Dem-Master Demolition Ltd is a private company, limited by shares, registered in Scotland. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. **STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. There were no material departures from that standard.

3. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is 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.

Key sources of estimation uncertainty

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

Waste disposal accrual

The director acknowledges that whilst the waste disposal costs accrued at the year end are based on an expert's valuation, there are estimates involved in the tonnage used in the calculations.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover is derived from the demolition services supplied by the company.

Turnover on construction contracts is recognised according to the stage reached in the contract by reference to value of work done as detailed below.

Revenue from the sale of scrap and crushed materials is recognised when risks and rewards of ownership of the goods have passed to the buyer (usually on the dispatch of goods), the amount of revenue can be measured reliably, it is probable that the economic benefit associated with the transaction will flow to the entity and the costs incurred in respect of the transaction can be measured reliably.

Revenue from plant hire is recognised when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Notes to the Financial Statements - continued
for the Year Ended 30 September 2022

3. **ACCOUNTING POLICIES - continued**

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Improvements to property	- Straight line over 20 years
Plant and machinery	- 25% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 25% on reducing balance

Tangible fixed assets held for the company's own use are stated at cost less accumulated depreciation and accumulated impairment loss.

At each balance sheet date, the company reviews the carrying amounts of its tangible fixed assets to determine whether there is any indication that any items have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of the asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Expenditure of £1,000 or more on individual tangible fixed assets is capitalised at cost. Expenditure on assets below this threshold is charged directly to the income statement in the period it is incurred.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Investment property

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in profit or loss.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Notes to the Financial Statements - continued
for the Year Ended 30 September 2022

3. **ACCOUNTING POLICIES - continued**

Financial instruments

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

Basic financial assets

Basic financial assets, which include debtors 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.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, 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 creditors 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

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

Notes to the Financial Statements - continued
for the Year Ended 30 September 2022

3. **ACCOUNTING POLICIES - continued**

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.

4. **TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2022	2021
	£	£
Demolition	9,239,529	10,196,251
Plant Hire	19,101,987	3,157,501
Sale of scrap	2,789,636	1,829,913
	<u>31,131,152</u>	<u>15,183,665</u>

5. **EMPLOYEES AND DIRECTORS**

	2022	2021
	£	£
Wages and salaries	4,061,480	4,104,188
Social security costs	416,039	378,337
Other pension costs	105,300	82,562
	<u>4,582,819</u>	<u>4,565,087</u>

The average number of employees during the year was as follows:

	2022	2021
Production	110	109
Administration	13	16
Directors	3	3
	<u>126</u>	<u>128</u>

	2022	2021
	£	£
Directors' remuneration	<u>153,422</u>	<u>166,347</u>

Notes to the Financial Statements - continued
for the Year Ended 30 September 2022

6. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2022	2021
	£	£
Hire of plant and machinery	746,679	607,550
Other operating leases	161,272	176,674
Depreciation - owned assets	691,547	851,858
Profit on disposal of fixed assets	(67,874)	-
Auditors' remuneration	<u>19,650</u>	<u>13,000</u>

7. AMOUNTS WRITTEN OFF INVESTMENTS

	2022	2021
	£	£
Amounts w/o invs	<u>54,694</u>	<u>(81,505)</u>

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£	£
Bank loan interest	1,130	-
Other Interest & Charges	6,605	-
Hire purchase	<u>1,167</u>	<u>8,531</u>
	<u>8,902</u>	<u>8,531</u>

9. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2022	2021
	£	£
Current tax:		
UK corporation tax	104,319	85,573
Deferred tax	51,754	-
Tax on profit	<u>156,073</u>	<u>85,573</u>

UK corporation tax has been charged at 19% (2021 - 19%).

Notes to the Financial Statements - continued
for the Year Ended 30 September 2022

9. **TAXATION - continued**

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2022 £	2021 £
Profit before tax	<u>41,601</u>	<u>199,979</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	7,904	37,996
Effects of:		
Expenses not deductible for tax purposes	9,529	3,578
Depreciation in excess of capital allowances	51,754	66,088
Adjustments to tax charge in respect of previous periods	-	(3,811)
Super-deduction	(2,930)	-
Other permanent differences	<u>89,816</u>	<u>(18,278)</u>
Total tax charge	<u>156,073</u>	<u>85,573</u>

10. **TANGIBLE FIXED ASSETS**

	Improvements to property £	Plant and machinery £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 October 2021	155,185	6,910,550	2,114,830	44,588	9,225,153
Additions	-	11,286	42,660	-	53,946
Disposals	-	(283,700)	(12,040)	-	(295,740)
At 30 September 2022	<u>155,185</u>	<u>6,638,136</u>	<u>2,145,450</u>	<u>44,588</u>	<u>8,983,359</u>
DEPRECIATION					
At 1 October 2021	31,100	4,776,480	1,559,209	38,242	6,405,031
Charge for year	7,760	532,955	149,252	1,580	691,547
Eliminated on disposal	-	(266,720)	(10,120)	-	(276,840)
At 30 September 2022	<u>38,860</u>	<u>5,042,715</u>	<u>1,698,341</u>	<u>39,822</u>	<u>6,819,738</u>
NET BOOK VALUE					
At 30 September 2022	<u>116,325</u>	<u>1,595,421</u>	<u>447,109</u>	<u>4,766</u>	<u>2,163,621</u>
At 30 September 2021	<u>124,085</u>	<u>2,134,070</u>	<u>555,621</u>	<u>6,346</u>	<u>2,820,122</u>

DEM-MASTER DEMOLITION LTD (REGISTERED NUMBER: SC165457)

Notes to the Financial Statements - continued
for the Year Ended 30 September 2022

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Trade debtors	768,377	312,548
Amounts owed by group undertakings	7,899,065	7,899,065
Amounts recoverable on contract	726,447	754,504
Other debtors	5,157,031	4,824,104
Tax	547,050	627,818
Prepayments and accrued income	6,014,298	2,724,661
	<u>21,112,268</u>	<u>17,142,700</u>

12. CURRENT ASSET INVESTMENTS

	2022	2021
	£	£
Unlisted investments	<u>419,285</u>	<u>473,979</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Bank loans and overdrafts (see note 15)	10,016	10,000
Hire purchase contracts (see note 16)	-	104,167
Trade creditors	917,728	1,055,273
Tax	430,553	400,980
Social security and other taxes	520,627	818,193
Other creditors	2,691,737	10,057,890
Accrued expenses	11,081,840	1,384,165
	<u>15,652,501</u>	<u>13,830,668</u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022	2021
	£	£
Bank loans (see note 15)	29,984	40,000
Accruals and deferred income	6,362,500	6,117,500
	<u>6,392,484</u>	<u>6,157,500</u>

15. LOANS

An analysis of the maturity of loans is given below:

	2022	2021
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>10,016</u>	<u>10,000</u>

DEM-MASTER DEMOLITION LTD (REGISTERED NUMBER: SC165457)

Notes to the Financial Statements - continued
for the Year Ended 30 September 2022

15. **LOANS - continued**

	2022 £	2021 £
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>10,000</u>	<u>40,000</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>19,984</u>	<u>-</u>

16. **LEASING AGREEMENTS**

Minimum lease payments under hire purchase fall due as follows:

	2022 £	2021 £
Net obligations repayable:		
Within one year	<u>-</u>	<u>104,167</u>

17. **PROVISIONS FOR LIABILITIES**

	2022 £	2021 £
Deferred tax	<u>327,121</u>	<u>275,367</u>

**Deferred
tax**

Balance at 1 October 2021	275,367
Charge to Income Statement during year	<u>51,754</u>
Balance at 30 September 2022	<u>327,121</u>

18. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			2022 £	2021 £
Number:	Class:	Nominal value:		
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>

19. **RESERVES**

	Retained earnings £
At 1 October 2021	4,455,586
Deficit for the year	<u>(114,472)</u>
At 30 September 2022	<u>4,341,114</u>

Notes to the Financial Statements - continued
for the Year Ended 30 September 2022

20. **ULTIMATE PARENT COMPANY**

The company is a wholly owned subsidiary of Dem-master Holdings Limited, a company registered in Scotland which is the parent of the smallest group which prepares consolidated financial statements. The parent company's registered office is Pottishaw Place, Whitehill Industrial Estate, Bathgate, West Lothian, EH48 2EN.

21. **RELATED PARTY DISCLOSURES**

Other related parties

	2022	2021
	£	£
Sales	19,258,866	4,055,000
Purchases	18,086,269	3,455,000
Rent paid	100,000	100,000
Amount due from related party	4,843,683	4,194,738
Amount due to related party	2,723,736	10,049,241

The amounts due and from related parties are unsecured, interest free and have no fixed repayment dates. No provision has been made against amounts due to and from related parties in the current or previous year.

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.