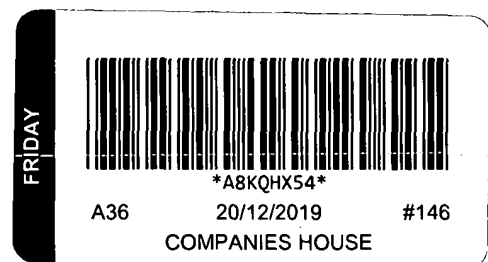


Story Contracting Holdings Limited
Annual report and consolidated financial statements
for the year ended 31 March 2019

Registered number: 11105510



Story Contracting Holdings Limited

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Story Contracting Holdings Limited

Strategic report

For the year ended 31 March 2019

This strategic report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Story Contracting Holdings Limited and its subsidiary undertakings when viewed as a whole.

Principal activity of the Group

The directors do not deem there to be one principal activity for the Group however Story Contracting Limited makes up 99.9% of the Group turnover and is a Rail and Construction contracting business with Plant Hire and Housebuilding divisions.

Review of the business

Group

The Group was formed on 19th February 2018 when the shareholders of Story Contracting Limited exchanged their shares in that company for the equivalent shares in Story Contracting Holdings Limited. On 22nd February 2018 the ownership of the entire share capital of Galloway Escapes Limited (a wholly owned subsidiary of Story Contracting Limited) was transferred from Story Contracting Limited to Story Contracting Holdings Limited with consideration in the form of a dividend in specie.

Story Contracting Limited accounts for 99.9% of the Group turnover and, as a result, the Group performance is determined by the performance of that company. Group turnover increased by 34% in the year and Group operating profit by 102%.

Story Contracting Limited (SCL)

Sales increased by £32.2 million (34%) in the year (2018: Decline of £9.1m (8.7%)). This improvement, in turn, led to a Gross Profit increase of £7.5 million over the previous year. Gross margin percentage increased from 16.3% to 17.6% as the higher level of sales from the Reiver Homes division and the reduced reliance on low margin Construction jobs combined with improved utilisation of staff and focused management on costs bore benefits. Administrative expenses grew at a similar rate to turnover growth (34%) with tight management of overhead costs and the benefits to working processes of investment in systems. The combination of increased turnover and tight control of costs has enabled the company to deliver year-on-year operating profit growth of £2.6m, a 95% improvement on previous year.

The Company continued to commit cash in growing the Plant division as well as investing in improved systems. Despite these significant investments, the business still generated net cash, closing the year with a positive cash balance.

Several long-term frameworks were secured during the year to provide a strong platform for continued growth with a strong order book. Through winning Network Rail CP6 frameworks, the Company is establishing a foothold in the South of England.

The balance sheet continues to show a strong net assets position with profits being retained within the business to provide investments to meet the increased work bank. A number of finance leases were completed in the year resulting in a lower percentage of leased assets within the balance sheet.

Galloway Escapes Limited (GEL)

Turnover increased by £21,000 to £83,000 (34% growth) in the year (2018 represented the Company's first full trading year). The company reduced operating losses to £72,000 (2018: £124,000 loss).

Story Contracting Holdings Limited (SCHL)

The company is the parent company of the Group and operates wholly as a Holding company with dividends from and loans to subsidiary companies. Trading activity in FY 2019 was minimal but will increase slightly in FY2020. Due to the application of merger accounting the company only balance sheet date is different to the group balance sheet date.

Story Contracting Holdings Limited

Strategic report (continued)

For the year ended 31 March 2019

Key performance indicators

The operations in the individual businesses are dissimilar and, therefore, Group level KPI's are not practical.

The main measures of financial performance within SCL are Gross Profit, Gross Margin % and Operating Profit and have been detailed in the Review of the business section above on page 1. In non-financial measures there is a significant focus on Health and Safety issues. The Company primarily uses KPIs based on RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) guidelines to measure the occurrence of accidents. The KPIs are based on Frequency rates and Incidence rates. The Company proactively monitors the results which are reviewed by the Board on a regular basis. The Board is satisfied that these measures show the Company has an excellent record on Health and Safety matters.

Principal risks and uncertainties

The principal aim of all the businesses within the Group is to maximise long term returns whilst minimising risks. For SCL responsibility for management of each key risk is clearly identified and delegated by the Directors to specific senior staff within the Company. The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. These risks are managed through working cash flow management and also short-term loans and are discussed in more detail in the Directors report. The Company regards excellent customer relationships as a keystone of the business and continues to place great emphasis on this area.

For GEL the risks are primarily related to those of a normal start-up business.

Brexit

The UK is currently scheduled to depart from the European Union on 31st January 2020. There is uncertainty with respect to whether this will take place, following several extensions to the UK's planned leave day. The Group is not involved in export or import markets so, on the assumption this departure does take place, the direct impact is expected to be minimal. However the indirect impact on both our supply chain and customer base could be significant albeit it is not possible at this stage to ascertain the magnitude of this due to the uncertainty. The Executive Leadership team of SCL monitor and consider the Brexit issue at all of their monthly meetings to ensure we recognise risks and mitigate as much as possible. Brexit should not result in any significant risks to GEL.

Environmental policy

Within SCL all Rail related Projects are assessed on their impact on the environment in accordance with the new Network Rail Environment & Social Appraisal; an action plan to manage environmental risks and opportunities is published. Schemes measure and record the numerical value of ecological habitats impacted by the project in accordance with Network Rail biodiversity toolkit and recalculations take place as necessary to take account of change of scope.

Story Contracting Holdings Limited

Strategic report (continued)

For the year ended 31 March 2019

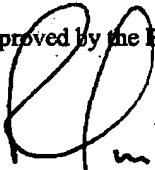
Future developments

Cash generated by SCL has been, and will continue to be, primarily re-invested into the individual businesses to fund future growth.

The majority of the SCL's [MJ1][NG2] growth continues to be achieved organically. At present there are no major acquisitions planned but we will continue to review the market for potential acquisitions which would dovetail with existing operations.

GEL continues to focus on moving towards a break-even position.

Approved by the Board and signed on its behalf by:



R N Gass
Company Secretary
17 December 2019

Burgh Road Industrial Estate
Carlisle
Cumbria
CA2 7NA

Story Contracting Holdings Limited

Directors' report

For the year ended 31 March 2019

The Directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 31 March 2019.

Results and dividends

The profit for the Group for the year, after taxation, amounted to £4,111,000 (2018: £2,006,000).

The Directors do not recommend payment of a final dividend and no dividends were paid in the year (2018: £490,000).

A dividend of £300,000 was declared to the B shareholders on 16th May 2019 and a dividend of £700,000 was declared to the A shareholders on 8th November 2019. As the dividends were declared subsequent to the financial year end this has not been reflected in these financial statements.

Directors

The Directors who served throughout the year and up to the date of signing were as follows:

N F Story

J F Story

The Company has made qualifying third-party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

Charitable donations

During the year the Group made £65,403 (2018: £48,323) of charitable donations.

SCL has teamed up with Story Homes (which is also owned and controlled by NF Story and his close family) and their respective supply chains to deliver more meaningful and sustainable charitable projects. The current nominated charity is MIND which is well known within the industry for addressing mental health issues. We have delivered the refurbishment of a mental health facility including the provision of office space, new kitchen and boiler to help ensure the charity's future viability. Employees have been encouraged to volunteer for these works as well as raising funds through charity bike rides, golf and football competitions and rowing challenges which has helped raise staff awareness and reduce the stigma of mental health issues. The Company has also contributed to a number of local interest groups including works at 2 local primary schools and other local cultural projects.

Future developments

Details of future developments can be found in the Strategic Report and form part of this report.

Going concern

Having considered the risk and uncertainties in the Strategic Report, the Groups business and financial forecasts, the impact on those forecasts of reasonably possible changes in the trading prospects of the group, together with the group being profitable and the availability of existing finance facilities (including a £7 million overdraft facility in place until 31st October 2020) which remain in place throughout the forecast period, the Directors are of the view that it is appropriate to adopt the going concern basis in the preparation of the financial statements. Further details are included in the accounting policies (note 1).

Material events after the balance sheet date

None to note.

Story Contracting Holdings Limited

Directors' report (continued)

For the year ended 31 March 2019.

Employment of disabled persons

It is the policy of the Group to give full and fair consideration to applications for employment received from disabled persons. Within the limitations of their abilities, they are given the same opportunities for training, career development and promotion as are available to other Group employees and if necessary, retraining is given to an employee who becomes disabled whilst in the Group's employment.

Employee Involvement and Health and Safety at Work

SCL hold regular meetings involving Directors, managers and supervisory staff to convey information about the business. The Company operates "Great Place to Work" forum with representatives from all parts of the business meeting monthly to consider issues raised by employees. During the year, the Company has provided training for employees at all levels through a structured programme of courses, seminars and workshops. The policy of the Group is to ensure, in so far as it is able to do so, the health, safety and welfare of everyone engaged in or affected by its activities.

Directors' loans

Interest is paid/received on loans from/to Directors and is calculated using Base Rate as the basis. See Note 24 for more details.

Financial risk management objectives and policies

Exposure to credit, liquidity and cash flow risks

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's policies are aimed at minimising such losses and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and/or satisfy creditworthiness procedures. Details of the Group's debtors are shown in Note 15 to the financial statements.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group aims to mitigate liquidity risk by managing the cash generation of its operations. The business also manages liquidity risk via credit facilities and short-term debt including overdrafts and hire purchase agreements on selected high value assets.

Cash flow risk is the risk of exposure to variability in cash flows and the entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group aims to mitigate cash flow risk by managing cash flows through cash flow planning, sufficient cash reserves and short-term debt.

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables, and investments.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mixture of long-term and short-term debt finance.

Story Contracting Holdings Limited

Directors' report (continued)

For the year ended 31 March 2019

Directors' indemnities

The Group has made qualifying third party indemnity provisions for the benefit of its Directors in the Parent and Subsidiary companies. These provisions were made during the year and remain in force at the date of this report.

Political contributions

No political contributions were made during the year.

Disclosure of information to auditor

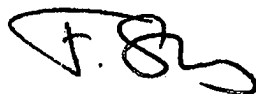
Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

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

The confirmation is given and should be interpreted in accordance with provisions of s418 of the Companies Act 2016.

This is the first year that Deloitte LLP has acted as the auditor of the Group, headed by Story Contracting Holdings Limited, and the third year as auditor of Story Contracting Limited. Pursuant to s487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Deloitte LLP will therefore continue in office.

Approved by the Board and signed on its behalf by:



N F Story
Director
17 December 2019

Burgh Road Industrial Estate
Carlisle
Cumbria
CA2 7NA

Story Contracting Holdings Limited

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 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 and of the profit or loss of the Group and parent 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; and
- 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 Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Story Contracting Holdings Limited

Independent auditor's report to the members of Story Contracting Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Story Contracting Holdings Limited (the 'Parent Company') and its subsidiaries (the 'Group'):

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated profit and loss account;
- the consolidated and Parent Company balance sheets;
- the consolidated and Parent Company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 25.

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).

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 Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

Story Contracting Holdings Limited

Independent auditor's report to the members of Story Contracting Holdings Limited (continued)

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 respect of these matters.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and of the Parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Story Contracting Holdings Limited

Independent auditor's report to the members of Story Contracting Holdings Limited (continued)

Matters on which we are required to report by exception

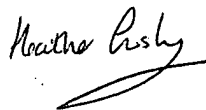
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

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.



Heather Crosby BSc ACA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Manchester, United Kingdom

Date ; 17 December 2019

Story Contracting Holdings Limited

Consolidated profit and loss account For the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
Turnover	3	127,210	94,997
Cost of sales		(104,794)	(79,545)
Gross profit		22,416	15,452
Administrative expenses		(17,190)	(12,860)
Operating profit		5,226	2,592
Finance costs (net)	4	(60)	(143)
Profit before taxation	5	5,166	2,449
Tax on profit	8	(1,055)	(443)
Profit and total comprehensive income		4,111	2,006

There were no other recognised gains or losses in either year, therefore no separate consolidated statement of comprehensive income has been presented.

The notes on pages 17 to 34 form part of these financial statements.

Story Contracting Holdings Limited

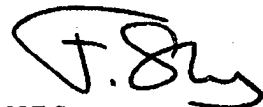
Consolidated balance sheet

As at 31 March 2019

	Note	2019 £'000	2018 £'000
Fixed assets			
Goodwill	11	-	19
Tangible assets	12	16,115	16,710
		<u>16,115</u>	<u>16,729</u>
Current assets			
Stocks	14	2,227	100
Debtors	15	34,893	26,984
Cash at bank and in hand		2,584	114
		<u>39,704</u>	<u>27,198</u>
Creditors: Amounts falling due within one year	16	<u>(26,703)</u>	<u>(16,672)</u>
Net current assets		<u>13,001</u>	<u>10,526</u>
Total assets less current liabilities		<u>29,116</u>	<u>27,255</u>
Creditors: Amounts falling due after more than one year	17	<u>(2,343)</u>	<u>(4,683)</u>
Provisions for liabilities	18	<u>(369)</u>	<u>(279)</u>
Net assets		<u>26,404</u>	<u>22,293</u>
Capital and reserves			
Called-up share capital	20	1	1
Profit and loss account	[A3]	26,403	22,292
		<u>26,404</u>	<u>22,293</u>
Shareholders' funds		<u>26,404</u>	<u>22,293</u>

The notes on pages 17 to 34 form part of these financial statements.

The financial statements of Story Contracting Holdings Limited (registered number 11105510) were approved by the board of Directors and authorised for issue on 17 December 2019. They were signed on its behalf by:



NF Story

Director

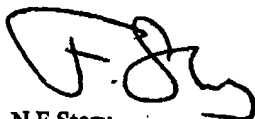
Story Contracting Holdings Limited
Company balance sheet
As at 31 March 2019 and 18 February 2018

	Note	2019 £'000	2018 £'000
Fixed assets			
Investments in subsidiaries	13	1,101	—
Current assets			
Debtors	15	1,025	—
Creditors: Amounts falling due within one year	16	(11)	—
Net current assets		1,014	—
Total assets less current liabilities		2,115	—
Net assets		2,115	—
Capital and reserves			
Called-up share capital	20	1	—
Profit and loss account		2,114	—
Shareholders' funds		2,115	—

The company's profit for the period was £2,114,000 (2018: £Nil).

The notes on pages 17 to 34 form part of these financial statements.

The financial statements of Story Contracting Holdings Limited (registered number 11105510) were approved by the board of Directors and authorised for issue on 17 December 2019. They were signed on its behalf by:



N F Story
Director

Story Contracting Holdings Limited

Consolidated statement of changes in equity

For the year ended 31 March 2019

	Note	Called-up share capital £'000	Profit and loss account £'000	Total £'000
At 1 April 2017		1	20,776	20,777
Profit and total comprehensive income for the financial year			2,006	2,006
Dividends paid on equity shares	10		(490)	(490)
At 31 March 2018		1	22,292	22,293
Profit and total comprehensive income for the financial year		-	4,111	4,111
At 31 March 2019		1	26,403	26,404

The notes on pages 17 to 34 form part of these financial statements.

Story Contracting Holdings Limited

Company statement of changes in equity For the period ended 31 March 2019

	Note	Called-up share capital £'000	Profit and loss account £'000	Total £'000
At 11 December 2017 and 18 February 2018		-	-	-
Issue of share capital	20	1	-	1
Profit and total comprehensive income for the financial period		-	2,114	2,114
At 31 March 2019		<u>1</u>	<u>2,114</u>	<u>2,115</u>

The notes on pages 17 to 34 form part of these financial statements.

Story Contracting Holdings Limited

Consolidated cash flow statement For the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
Net cash flows generated from operating activities	21	<u>7,713</u>	<u>380</u>
Cash flows generated from/(used in) investing activities			
Proceeds from sale of fixed assets		212	598
Purchase of fixed assets		(1,431)	(1,201)
Interest received		127	93
Purchases of trading investments		-	(156)
Net cash flows used in investing activities		<u>(1,092)</u>	<u>(666)</u>
Cash flows from financing activities			
Dividends paid		-	(490)
Interest paid		(187)	(236)
Repayments of obligations under finance lease		(2,543)	(2,730)
Net cash flows used in financing activities		<u>(2,730)</u>	<u>(3,456)</u>
Net increase/(decrease) in cash and cash equivalents		<u>3,891</u>	<u>(3,742)</u>
Cash and cash equivalents at beginning of year		<u>(1,307)</u>	<u>2,435</u>
Cash and cash equivalents at end of year		<u>2,584</u>	<u>(1,307)</u>
Reconciliation to cash at bank and in hand:			
Cash at bank and in hand		2,584	114
Overdrafts		-	(1,421)
Cash and cash equivalents		<u>2,584</u>	<u>(1,307)</u>

The notes on pages 17 to 34 form part of these financial statements.

Story Contracting Holdings Limited

Notes to the financial statements

For the year ended 31 March 2019

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

a. General information and basis of accounting

Story Contracting Holdings Limited (the Company) is a private Company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 6.

The principal activities of the Company and its subsidiaries (the Group) and the nature of the Group's operations are set out in the strategic report on pages 1 to 3.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The Group has applied the amendments to FRS 102 issued by the FRC in December 2017 prior to their mandatory effective date of accounting periods beginning on or after 1 January 2019.

The functional currency of Story Contracting Holdings Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling. Foreign operations are included in accordance with the policies set out below.

Story Contracting Holdings Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to share-based payments, financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

Due to the application of merger accounting the company only balance sheet date is different to the group balance sheet date.

b. Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 March each year.

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The financial statements have been prepared using merger accounting principles (applicable to group reconstructions) set out in FRS 102 Section 19 in order to meet the overriding requirements under section 404 of the Companies Act 2006 for financial statements to present a true and fair view. Under merger accounting the results of the subsidiaries are combined from the beginning of the comparative period before the merger occurred. Profit and loss account and balance sheet comparatives are restated on a combined basis and adjustments made to achieve consistency of accounting principles.

As no difference has arisen between the nominal value of the shares issued plus the fair value of any other consideration given, and the nominal value of the shares received in exchange, no merger reserve has been created.

In accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (Schedule 6, Section 10) the directors confirm that:

- the shares of Story Contracting Limited and Galloway Escapes Limited were ultimately controlled by the same party both before and after the acquisition of these by Story Contracting Holdings Limited,
- that said control referred to above was not in any way transitory and;
- that adoption of the merger method accords with generally accepted accounting principles or practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

Story Contracting Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 March 2019

1. Accounting policies (continued)

c. *Going concern*

In determining the appropriate basis of preparation of the financial statements, the Directors' are required to consider whether the Group and the Parent Company can continue in operational existence for the foreseeable future. The Group's business activities, together with factors that are likely to affect its future development, financial performance and financial position are set out in the Strategic Report and Directors Report. In addition, the material financial and operational risks and uncertainties that impact the Group's performance are outlined in the Strategic report.

The Directors have considered the position of the Group and the Parent Company at the year, recent trading performance of the Group, credit facilities available (including a £7 million overdraft facility for SCL to 31st October 2020) and forecasts over a period of at least 12 months from the date of signing these financial statements. As a result of this process, at the time of approving the financial statements, the Directors are of the opinion that it is appropriate to adopt the going concern basis of preparation of the financial statements.

d. *Intangible assets – goodwill*

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 5 years. Provision is made for any impairment.

e. *Tangible fixed assets*

Tangible fixed assets are stated at cost, less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value (where residual value exceeds £10,000), of each asset on a systematic basis over its expected useful life as follows:

Leasehold improvements	16.66% straight line
Plant and machinery	Range from 4.76% to 20% straight line
Plant and machinery (Road Rail vehicles)	14% reducing balance
Fixture, fittings and computer equipment	25% straight line
Land and buildings	2% straight line

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

Freehold land is not depreciated.

f. *Investment properties*

Investment properties are measured at fair value at each balance sheet date. The investment property was revalued by the directors' on 31 March 2019 using readily available market information. Any changes in fair value are recognised in the profit and loss account. Investment properties are not depreciated.

g. *Financial instruments*

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. 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.

Story Contracting Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 March 2019

1. Accounting policies (continued)

h. Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction.

If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments that are classified as payable or receivable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment. Other debt instruments not meeting these conditions are measured at fair value through profit or loss. Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

i. Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Stocks are recognised as an expense in the period in which the related revenue is recognised. Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, and direct costs attributable to bringing the stock to its present location and condition. At the end of each reporting period stocks are assessed for impairment. If an item of stock is impaired, the identified stock is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the statement of comprehensive income.

With effect from the current financial year onwards all completed houses are treated as Stock rather than Amounts recoverable on long-term contracts.

j. Operating leases

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term. Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the life of the lease, in line with FRS 102 Section 20.

Story Contracting Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 March 2019

1. Accounting policies (continued)

k. *Current and deferred taxation*

Current tax represents the amount of tax payable or receivable in respect of the taxable profit (or loss) for the current or past reporting periods. It is measured at the amount expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods. It is recognised in respect of all timing differences, with certain exceptions. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expense in tax assessments in periods different from those in which they are recognised in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date that are expected to apply to the reversal of timing differences. Deferred tax on revalued non-depreciable tangible fixed assets and investment properties is measured using the rates and allowances that apply to the sale of the asset.

l. *Amounts recoverable on contracts*

Short-term contracts and long-term contracts in the early stages, the outcome of which cannot be reasonably assessed, are based on cost less foreseeable losses. Long term contracts, sufficiently advanced for the outcome to be assessed with reasonable certainty are based on cost plus ascertainable profit less foreseeable losses. Contracts awaiting final certificates are based on cost plus attributable profit less foreseeable losses.

m. *Employee benefits*

Short term benefits

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

Defined contribution pension plan

A defined contribution pension plan is operated for employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payments obligations. The contributions are recognised as an expense in the income statement when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from those of the Group in independently administered funds.

n. *Distributions to equity holders*

Dividends and other distributions to the Group's equity shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the Group's shareholders. These amounts are recognised in the statement of changes in equity.

o. *Provisions*

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as an expense to the profit and loss account in the year that the Group becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried out in the balance sheet.

Story Contracting Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 March 2019

1. Accounting policies (continued)

p. Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition – construction contract accounting

The judgements made which have the most significant effect on the amounts recognised in the financial statements relate to the application of construction contract accounting.

Judgement is required to assess the reliability of estimates used, which are affected by various factors, including the specific requirements of the contract (i.e. whether 'routine' or more specialised in nature), and the stage of completion of ongoing projects. The amount of revenue and profit recognised reflects management's judgement of these factors.

The Directors do not consider there to have been any other significant judgements that were required in the process of applying the Group's accounting policies.

Story Contracting Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 March 2019

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty

None of the estimates made in the preparation of these financial statements are considered to carry significant estimation uncertainty, nor to bear significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. We have however identified the following areas where estimation is routinely required.

(1) Amounts recoverable on long term contracts

The estimates which have the most significant effect on the amounts recognised in the financial statements relate to the application of construction contract accounting. The amount of revenue and profit recognised in relation to contracts which are part complete at the balance sheet date is dependent on estimates of the further costs that will be required to complete the contract, and hence the overall profitability of the contract.

Estimates of further costs (and potential revenue variations) are continually evaluated and updated, based on management's detailed knowledge of project status and contractual requirements.

(2) Depreciation and amortisation charges

Determination of the appropriate useful economic life of tangible and intangible fixed assets requires estimation by management. Management consider the nature, planned use and current condition of assets capitalised when making this estimation.

(3) Balance sheet provisions for impairment

Provisions for the impairment of stock and trade receivables require an estimation as to the value of these assets which is impaired. Management consider the nature, circumstances and likelihood of future events when determining the appropriate provision value for these items.

3. Turnover and revenue

99.9% of Group turnover is attributable to SCL. SCL is primarily engaged in the Rail, Construction, Plant Hire and Housebuilding industries operating throughout the United Kingdom. For SCL turnover recognition within the Contracting divisions (Rail and Construction) is based on percentage of completion, Plant is based on invoiced works and Reiver Homes at point of legal completion. All turnover arose within the United Kingdom.

An analysis of the Group's revenue (including turnover) by category is as follows:

	2019	2018
	£'000	£'000
Income from construction contracts	100,428	78,013
Plant hire	14,689	12,403
House sales	11,949	4,489
Rental income	83	62
Training and other income	61	30
Total revenue	127,210	94,997

Story Contracting Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 March 2019

4. Finance costs (net)

	2019 £'000	2018 £'000
<i>Interest paid on bank loans and overdrafts</i>		
Interest paid on finance leases and hire purchase contracts	179	232
Interest paid on bank loans and overdrafts	8	4
	<u>187</u>	<u>236</u>
<i>Interest receivable</i>		
Interest received from overdue debt/loans	(127)	(93)
	<u>60</u>	<u>143</u>

5. Profit before taxation

Profit before taxation is stated after charging/(crediting):

	Note	2019 £'000	2018 £'000
Cost of stocks recognised as an expense		841	600
Depreciation of owned tangible fixed assets	12	1,472	1,417
Depreciation of hire purchased tangible fixed assets	12	1,050	1,458
Amortisation of goodwill	11	19	44
Operating lease rentals		2,210	1,959
Impairment of plant and equipment		-	122
Gain on disposal of fixed assets		(74)	(28)

Amortisation of intangible assets is included in administrative expenses.

The analysis of the auditor's remuneration is as follows:

	2019 £'000	2018 £'000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	7	-
Fees payable to the Company's auditor and its associates for other services to the Group		
The audit of the Company's subsidiaries	54	53
Total audit fees	<u>61</u>	<u>53</u>

Non-audit fees

No non audit services were provided to the Group or the Parent Company during the current or previous year.

Story Contracting Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 March 2019

6. Staff numbers and costs

a) *The average monthly number of employees of the group (including executive Directors) was:*

	2019 Number	2018 Number
Production	370	305
Administration	348	294
	<u>718</u>	<u>599</u>

Their aggregate remuneration comprised:

	2019 £'000	2018 £'000
Wages and salaries	30,585	26,861
Social security costs	3,499	3,053
Pension contributions (see note 23)	1,776	1,223
	<u>35,860</u>	<u>31,137</u>

b) *Key management and compensation.*

Key management includes the directors and members of senior management. The compensation paid to key management for employee services is shown below:

	2019 £'000	2018 £'000
Wages and salaries	1,780	894
Pension contributions	217	78
	<u>1,997</u>	<u>972</u>

The Company had no employees during the current or previous period.

Story Contracting Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 March 2019

7. Directors' remuneration and transactions

	2019 £'000	2018 £'000
Directors' remuneration		
Emoluments	20	20
Group contributions to money purchase pension schemes	1	1
	<u>21</u>	<u>21</u>
	Number	Number
The number of Directors who:		
Are members of a money purchase pension scheme	<u>1</u>	<u>1</u>
	2019 £'000	2018 £'000
Remuneration of the highest paid director:		
Emoluments	13	13
Group contributions to money purchase schemes	1	1

The Directors are paid by subsidiary company Story Contracting Limited in respect of their services to the Group. It is not considered practical to allocate these payments between services provided to the Company and other group companies.

Directors' advances, credits and guarantees

Details of transactions with Directors during the year are disclosed in note 24.

Story Contracting Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 March 2019

8. Tax on profit

The tax charge comprises:

	Note	2019 £'000	2018 £'000
Current tax on profit			
UK corporation tax		1,001	484
Adjustments in respect of prior years		(36)	84
Total current tax		<u>965</u>	<u>568</u>
Deferred tax			
Origination and reversal of timing differences		15	33
Effect of increase in tax rate		(3)	(33)
Adjustments in respect of prior years		78	(125)
Total deferred tax	18	<u>90</u>	<u>(125)</u>
Total tax on profit		<u>1,055</u>	<u>443</u>

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:

	2019 £'000	2018 £'000
Factors affecting the tax charge for the year:		
Group profit before tax	<u>5,166</u>	<u>2,449</u>
Tax on Group profit at standard UK corporation tax rate of 19% (2018: 19%)	982	465
Effects of:		
- Expenses not deductible for tax purposes	37	52
- Income not taxable in determining taxable profit	(3)	-
- Tax rate changes	(3)	(33)
- Adjustments to tax charge in respect of previous years	42	(41)
Group total tax charge for year	<u>1,055</u>	<u>443</u>

Finance Act 2016, which was substantively enacted on 6 September 2016, included provisions to reduce the rate of corporation tax to 17% from 1 April 2020. Accordingly, deferred tax balances have been revalued to the lower rate of 17% in these accounts. To the extent that the deferred tax reverses before 1 April 2020 then the impact on the net deferred tax asset will be reduced.

Story Contracting Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 March 2019

9. Profits attributable to Company

As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent Company. The profit attributable to the Company is disclosed in the footnote to the Company's balance sheet.

10. Dividends on equity shares

	2019 £	2018 £
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 March 2019 of £nil (2018: £nil) per ordinary share	-	-
Interim dividend for the year ended 31 March 2019 of £nil (2018: £7) per ordinary A share	-	490,000
	<u>-</u>	<u>490,000</u>

The interim dividend of £490,000 was declared by Story Contracting Limited to the previous holders of its A shares prior to the reconstruction of the group.

11. Goodwill

	Goodwill £'000
Cost	
As at 31 March 2018 and 2019	450
Amortisation	
At 1 April 2018	431
Charge for the year	19
At 31 March 2019	<u>450</u>
Net book value	
At 31 March 2019	-
At 31 March 2018	<u>19</u>

Goodwill relates to goodwill on acquisition of the trade and assets of Caledonian Industrials Limited by SCL.

Story Contracting Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 March 2019

12. Tangible fixed assets (Group)

	Freehold land and buildings £'000	Investment properties £'000	Leasehold improve- ments £'000	Plant and machinery £'000	Fixtures, fittings and computer equipment £'000	Total £'000
Cost						
At 1 April 2018	1,016	156	1,085	25,153	1,915	29,325
Additions	-	-	458	1,071	537	2,066
Disposals	-	-	-	(762)	(7)	(769)
At 31 March 2019	1,016	156	1,543	25,462	2,445	30,622
Depreciation						
At 1 April 2018	22	-	399	11,087	1,107	12,615
Charge for year	20	-	230	1,881	391	2,522
Disposals	-	-	-	(630)	-	(630)
At 31 March 2019	42	-	629	12,338	1,498	14,507
Net book value						
At 31 March 2019	974	156	914	13,124	947	16,115
At 31 March 2018	994	156	686	14,066	808	16,710

There are no tangible fixed assets held by the company.

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

	2019 £'000	2018 £'000
Plant and machinery	7,732	9,486

Investment property

The investment property was revalued by the directors on 31 March 2019 using readily available market information. The valuation of investment property on 31 March 2019 was £156,000 (2018: £156,000).

Story Contracting Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 March 2019

13. Fixed asset investments

Investments in Subsidiary undertakings - Company

	£000
Cost	
At 19 February 2018	-
Additions	1,351
At 31 March 2019	1,351
Provisions for impairment	
At 19 February 2018	-
Charge for the period	250
At 31 March 2019	250
At 31 March 2019	1,101
At 18 February 2018	-

The initial investment of £1,000 in Story Contracting Limited on 19th February 2018 was as result of the share-for-share exchange by the holders of the entire share capital in Story Contracting Limited for shares in Story Contracting Holdings Limited.

The £1,350,000 investment in Galloway Escapes Limited on 22nd February 2018 was as a result of the transfer of ownership from Story Contracting Limited in the form of a dividend in specie. At the point of this transfer Story Contracting Limited was in a positive distributable reserves position.

The company has impaired its investment in Galloway Escapes Limited during the period.

The Company holds investments in the following subsidiary undertakings:

Subsidiary undertaking	Registered office address	Holding	% Held
Story Contracting Limited	Burgh Road Industrial Estate, Carlisle, Cumbria, CA2 7NA	A Ordinary shares B Ordinary shares C Ordinary shares **	100 100 -
Galloway Escapes Limited	Burgh Road Industrial Estate, Carlisle, Cumbria, CA2 7NA	Ordinary shares	100

** C ordinary shares in Story Contracting Limited are 7.5% of Story Contracting Limited's total issued equity share capital. The C ordinary shares carry 5% of the voting rights and are entitled to dividends. The C ordinary shares are employee incentive shares and have been accounted for as non-equity shares and presented as a liability within note 16 (see note 24). Story Contracting Limited is therefore 100% controlled by Story Contracting Holdings Limited.

Story Contracting Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 March 2019

14. Stocks

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Consumables	53	100	-	-
Finished goods and goods for resale	2,174	-	-	-
	<u>2,227</u>	<u>100</u>	<u>-</u>	<u>-</u>

There are no material differences between the balance sheet value of stocks and their replacement cost as at the balance sheet date or their latest purchase price. With effect from the current financial year onwards all completed houses are treated as Stock rather than Amounts recoverable on long-term contracts.

15. Debtors

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Amounts falling due within one year:				
Trade debtors	6,071	2,965	-	-
Amounts owed by subsidiary undertakings	-	-	1,025	-
Amounts owed by related parties (note 24)	6,637	4,909	-	-
Corporation tax	217	821	-	-
Other debtors	2,025	481	-	-
Prepayments and accrued income	380	272	-	-
Amounts recoverable on long term contracts	19,563	17,536	-	-
	<u>34,893</u>	<u>26,984</u>	<u>1,025</u>	<u>-</u>

16. Creditors – amounts falling due within one year

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Trade creditors	2,292	-	11	-
Taxation and social security	2,410	983	-	-
Other creditors	544	1,006	-	-
Obligations under finance and hire purchase leases	2,883	2,599	-	-
Bank overdraft	-	1,421	-	-
Accruals and deferred income	18,574	10,663	-	-
	<u>26,703</u>	<u>16,672</u>	<u>11</u>	<u>-</u>

Story Contracting Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 March 2019

17. Creditors - amounts falling due after more than one year

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Obligations under finance leases and hire purchase contracts	2,343	4,683		

Finance leases are repayable as follows:

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Minimum lease payments				
Within one year	2,883	2,599		
In the second to fifth years inclusive	2,343	4,683		
After five years	-	-		
Less: future finance charges	(191)	(331)		
Present value of lease obligations	5,035	6,951		

There are no individually material finance leases that require separate disclosure.

18. Provisions for liabilities

	Deferred taxation £'000
Group	
At 1 April 2018	(279)
Charged to profit and loss account	(90)
At 31 March 2019	(369)

The provision for deferred tax is made up as follows:

	2019 £'000	2018 £'000
Accelerated capital allowances	(478)	(399)
Short term timing differences	109	120
At 31 March 2019	(369)	(279)

There is no expiry date on timing differences giving rise to deferred tax liabilities.

Story Contracting Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 March 2019

19. Financial instruments

The carrying values of the Group's financial assets and liabilities are summarised by category below:

	2019 £'000	2018 £'000
Financial assets		
Measured at amortised cost	6,637	3,565
Measured at undiscounted cost	27,671	22,622
Cash and cash equivalents	2,584	114
	<u>36,892</u>	<u>26,301</u>
Financial liabilities		
Measured at amortised cost	5,226	7,282
Measured at undiscounted cost	2,723	2,170
	<u>7,949</u>	<u>9,452</u>

Equity instruments are measured at cost less impairment.

20. Called-up share capital

	2019 £	2018 £
Allotted, called-up and fully-paid		
70,000 ordinary A shares (2018: 1) of £0.01 each	700	700
30,000 ordinary B shares (2018: nil) of £0.01 each	300	300
	<u>1,000</u>	<u>1,000</u>

On 19 February 69,999 ordinary A share of £0.01 each and 30,000 ordinary B shares of £0.01 each were issued at par.

The A and B shares have identical voting rights, are entitled to dividends and the right to participate in a distribution. The shares are not redeemable.

Story Contracting Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 March 2019

21. Cash flow statement

Reconciliation of operating profit to cash generated from/(used in) operations:

	2019 £'000	2018 £'000
Operating profit	5,226	2,592
Adjustment for:		
Depreciation and amortisation	2,541	2,919
Impairment of plant and equipment	-	122
Profit on sale of tangible fixed assets	(74)	(28)
	<hr/>	<hr/>
Operating cash flow before movement in working capital	7,693	5,605
Increase in stocks	(2,128)	-
Increase in debtors	(8,231)	(64)
Increase/(decrease) in creditors	10,743	(3,562)
	<hr/>	<hr/>
Net cash flows generated from operating activities before tax	8,077	1,979
Corporation tax paid	(364)	(1,599)
	<hr/>	<hr/>
Net cash flows generated from operating activities	<u>7,713</u>	<u>380</u>

22. Financial commitments

Capital commitments are as follows:

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Contracted for but not provided for - tangible fixed assets	86	325	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
within one year	1,657	1,695	-	-
between one and five years	2,791	3,025	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>4,448</u>	<u>4,720</u>	<hr/>	<hr/>

Story Contracting Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 March 2019

23. Pension commitments

Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of Group in an independently administered fund. The pension charge represents contributions payable and amounted to £1,775,800 (2018: £1,223,206). The amount owed to the scheme at the year-end was £135,477 (2018: £96,909) and is held within other creditors.

24. Related Party Transactions[MJ5]

The Group was under the control of the Chairman N F Story throughout the current and previous year. Story Contracting Limited held a director's loan account within the year which had a year-end balance and highest balance throughout the year of £372,396 (2018: £77,701) which was owed by N F Story and held in debtors. [A6][A7] Interest is payable/chargeable linked to the Bank of England base rate. Balances whether due or payable are repayable on demand. The Directors loan balance was fully repaid on 8th November 2019.

Story Homes Limited is a related party by virtue of common Directorship and control of N F Story. Total sales made to Story Homes Limited to Story Contracting Limited in the year amounted to £15,669,822 (2018: £19,065,557) and total purchases made by Story Contracting Limited from Story Homes Limited were £36,080 (2018: £18,949). Amounts owed by Story Homes Limited to Story Contracting Limited at the year-end of £3,236,150 (2018: £4,521,605) are held in debtors. During the year Story Contracting Limited extended a £3,000,000 loan to Story Homes Limited which was repayable on demand and still in place on 31 March 2019. Interest was charged at 4% and the income of £90,000 has been recognised in the year to 31 March 2019. The balance due on interest at 31 March 2019 was £Nil as the interest was paid in full.

The C shares issued in February 2018 by Story Contracting Limited relate to a Long Term Incentive Plan (LTIP) put in place for one of the directors of that company. The net liability of £182,750 at 31 March 2019 is held in Other creditors.[MJ8][NG9][NG10][MJ11]

Story Contracting Limited paid a £1 million dividend to Story Contracting Holdings Limited on 22nd February 2018. Story Contracting Holdings Limited extended a loan of £1 million to Story Contracting Limited on 22nd February 2018 and this remained in place at 31 March 2019. This balance was held in Debtors in SCHL. SCL repaid £300,000 of this loan in May 2019 and the balance of £700,000 in November 2019. Interest of £25,000 was charged on this loan for FY 2019 and was also held in debtors at 31 March 2019. This balance was cleared in November 2019.

Total purchases made by Aptus Utilities Limited from Story Contracting Limited, a related party by common Directorship of N F Story, amounted to £Nil (2018 £1,396).

Sales made from Story Contracting Limited to the Story Pension Fund ('the Fund') of which N F Story is a beneficiary totaled £4,398 (2018: £3,850) and rent due from Story Contracting Limited to the Fund totaled £250,000 (2018: £250,000). An amount of £4,398 (2018: £1,434) was due from the Fund to Story Contracting Limited at the year end. Additionally, a loan balance of £70,000 due from the Fund to Story Contracting Limited was cleared on 21 August 2018.

Story Contracting Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 March 2019

25. Controlling party

Mr. N F Story, a director of the Company, and members of his close family, control the Group as a result of controlling, directly or indirectly, 100 per cent of the issued share capital of the Parent Company.