
Utilities Design & Planning Limited

Annual Report and Financial Statements

For the year ended 31 December 2021

Utilities Design & Planning Limited

Company Information

Directors	T Walmsley A Richardson (appointed 1 September 2022) L Boyle (appointed 2 September 2022)
Registered number	03272716
Registered office	Astor Road Salford Manchester M50 1BB
Independent auditors	Hurst Accountants Limited Chartered Accountants & Statutory Auditors Lancashire Gate 21 Tiviot Dale Stockport SK1 1TD
Bankers	Yorkshire Bank 48-50 Market Street Manchester M1 1PW

Utilities Design & Planning Limited

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Utilities Design & Planning Limited

**Strategic report
For the year ended 31 December 2021**

Introduction

The Directors present the Strategic Report for the year ended 31 December 2021.

Business review

Covid-19 continued to have an impact on the construction industry and the Company in 2021, with revenues below historic norms. The Company was impacted by the various lockdowns, cessation of work and delayed decisions preventing commencement of key pipeline projects.

Overall Earnings Before Interest, Taxation, Depreciation, Amortisation and Exceptional costs ('EBITDAE') for the year reduced primarily due to the volume impacts, but also the performance of the Civils business.

The Civils business was impacted by a number of significant project delays, leading to periods of lower volume and utilisation, along with poorly performing contracts. As a result, the Board have taken action to implement tighter internal controls on bid selection and approval, project financial and operational performance monitoring, together with upstream and downstream commercial controls.

The Traffic Management business has performed strongly for a number of years, but lost key staff in Q1 2022, along with some contracts who followed the leavers. These individuals have been replaced by experienced staff from within the industry. To further underpin the business, the Board have implemented systems and controls to ensure sales optimisation along with optimising productivity and utilisation of our plant and operatives.

Both divisions within the business are focussed on further developing stronger relationships with existing clients, whilst carefully selecting projects to bid for with new clients.

Whilst the pandemic and lockdowns were still impacting day-to-day life in the first part of 2022 and the Traffic Management business had to deal with the loss of key staff, the business is well placed to respond in Q3 FY22 and beyond.

The Civils division had secured a number of new short-term and long-term contracts during 2022, whilst the Traffic Management business has also won contracts in Q3 replacing those lost following the departure of staff earlier in the year.

Given the above measures, the Board believe that the business will stabilise in the second half of FY22 and become consistently profitable at EBITDA level into FY23.

Utilities Design & Planning Limited

Strategic report (continued)
For the year ended 31 December 2021

Principal risks and uncertainties

The principal risks affecting the Company are:

Health and safety risk

This is a natural by-product of civil engineering and traffic management activities, and could directly impact the financial and reputational well-being of the business. This is an area in which the Company continues to invest and focus upon. The business proactively manages and eliminates risks to our people and the general public through strict governance via policies, procedures and reporting mechanisms, alongside regulated training, approved protective equipment and appropriate pastoral support to employees.

Plant and Fleet risk

Managing our fleet drivers and driver risk together with securing our plant from theft continues to be a risk for the business.

The Company's activities expose it to a number of financial risks, which are addressed as follows:

Credit risk

Credit checks are carried out where appropriate for new and existing customers and for suppliers to whom payments on account are made.

Liquidity and cash flow risk

The Company takes account of cash flow requirements. The Board monitors the level of funds held within the business to ensure that there are sufficient funds available for working capital requirements, capital expenditure and the payment of tax. Consideration is also given to the impact of potential downturns in the level of business.

Interest rate risk

The Company utilises assets held under finance lease and hire purchase contracts. Interest rate risk is not considered significant as the rates are fixed.

Financial key performance indicators

Management considers that the Company's key performance indicators are as follows:

	2021	2020
	£000	£000
Turnover	9,246	7,854
Gross profit	1,617	2,564
EBITDAE	(1,053)	427
Net (liabilities)/assets	<u>4,550</u>	<u>5,846</u>

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

Utilities Design & Planning Limited

**Directors' report
For the year ended 31 December 2021**

The directors present their report and the financial statements for the year ended 31 December 2021.

Principal activity

The principal activity of the Company is the delivery of civil engineering, traffic management and utility services.

Directors

The directors who served during the year were:

D Hilton (resigned 24 February 2022)
N Gallagher (resigned 6 January 2021)
P Croft (resigned 10 March 2022)
T Walmsley
J Munir (resigned 22 July 2021)
A Richardson (appointed 1 September 2022)
L Boyle (appointed 2 September 2022)
M Owen (appointed 4 January 2022, resigned 19 April 2022)
D Atherton (resigned 10 March 2022)

Results and dividends

The loss for the year, after taxation, amounted to £1,296,170 (2020 -profit £81,649).

The directors do not recommend the payment of a dividend.

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Utilities Design & Planning Limited

Directors' report (continued)
For the year ended 31 December 2021

Going concern

The financial statements have been prepared on a going concern basis. The following paragraphs set out the basis on which the directors have reached their conclusion.

The Covid 19 virus outbreak continued to have a significant impact on the majority of UK businesses in 2021, particularly the construction industry, with client investment decisions and timings significantly impacted resulting in reduced revenues and as a result, business profitability compared to historic norms.

At 31 December 2021, the Company had net current assets of £3,698,381 (2020: £4,994,357), and had cash reserves totalling £144,060 at 31 December 2021 (2020: £2,226,811).

At year end, the Company met its working capital requirements through cash balances, loans from related parties and a bank loan. In March 2022, the Company's parent company repaid the outstanding bank loan through a cash loan from a related party and the introduction of an invoice discount facility of up to £0.7m, of which circa £0.4m is utilised at the signing of these financial statements.

The Company has continued to trade at an EBITDA loss in the first half of 2022, primarily as a result of reduced Traffic Management volumes following departure of key staff and the completion of difficult projects in Civils.

However, following appointment of a new management team and review of its strategic plan, Civils' performance has improved significantly during Q3 2022, and Traffic Management volumes have improved since July following a number of contract wins.

The Company has prepared forecasts and projections for a period in excess of twelve months following the approval of these financial statements. The forecasts show the Company returning to a positive EBITDA and cash generation based on latest sales forecasts. The forecasts have been sensitised to consider inflationary impacts and volume risks, together with taking into account cost control measures which are in progress.

In preparation of these forecasts, the Company stress-tested the key assumption relating to gross margin percentage "GP%". In the scenario where GP% reduces by 6%, the Group shows a EBITDA loss before mitigating actions are taken by management. Whilst the Company are forecasting sufficient cash headroom to meet its day-to-day liabilities, any downward movement on GP% will have an impact on the Company's headroom, which will require the Company to make further reductions in its cost base and/or find additional facilities.

The directors are confident in delivering the forecast and returning the Company to a positive EBITDA position in FY23 but given that it is only due to recent performance in Civils and Traffic Management, there can be no certainty in fully delivering on its strategic plan.

If events transpire differently to directors' expectations, the Company would need to take further actions to control its cost base, explore additional support from its existing loan provider or look to secure additional finance through alternative means. In each of these scenarios the ability to further reduce cost without impacting the Company further or raise further finance is naturally uncertain, especially given recent uncertainty in the financial markets.

The directors have concluded that the combination of these circumstances this represent a material uncertainty, that may cast significant doubt on the Company to continue as a going concern and therefore may be unable to realise its assets and discharge its liabilities in the ordinary course of business.

Nevertheless, after making enquiries of its current facility providers, and considering the uncertainties described above, including the expectation of delivering on its strategic plan, the directors have a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future and that it is appropriate to prepare the annual report and financial statements to 31 December 2021 for on a going concern basis.

Utilities Design & Planning Limited

Directors' report (continued)
For the year ended 31 December 2021

Future developments

The Company will continue to invest in its people, vehicle fleet, traffic management equipment, IT systems whilst maintaining its focus on health and safety, delivery, customer service and further development of revenue streams.

Disclosure of information to auditors

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

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

Post balance sheet event

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

Auditors

The auditors, Hurst Accountants Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

.....
L Boyle
Director

Date: 30 September 2022

Utilities Design & Planning Limited

Independent Auditors' Report to the Members of Utilities Design & Planning Limited

Opinion

We have audited the financial statements of Utilities Design & Planning Limited (the 'Company') for the year ended 31 December 2021, which comprise the Statement of income and retained earnings, the Balance sheet and the related notes, 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 31 December 2021 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 United Kingdom, including the Financial Reporting Council'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.

Material uncertainty related to going concern

We draw attention to note 2.3 in the financial statements, which indicates that if forecast results are not in line with the directors' expectations, the company would need to take further actions to control its cost base, explore additional support from its existing loan provider or look to secure additional finance through alternative means. In each of these scenarios the ability to further reduce cost without impacting the company further or raise further finance is naturally uncertain, especially given recent uncertainty in the financial markets. As stated in note 2.3, these events or conditions, along with the other matters as set forth in note 2.3, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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

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information, we are required to report that fact.

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We have nothing to report in this regard.

Access forbidden!

Utilities Design & Planning Limited

Independent Auditors' Report to the Members of Utilities Design & Planning Limited (continued)

Opinion 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.

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 Directors' report.

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Utilities Design & Planning Limited

Independent Auditors' Report to the Members of Utilities Design & Planning Limited (continued)

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 an Auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Identifying and assessing potential risks related to irregularities

In identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- The nature of the industry and sector, control environment and business performance including key drivers for directors' remuneration, bonus levels and performance targets.
- Enquiring of local management and parent company management, including obtaining and reviewing supporting documentation, concerning the Company's policies and procedures relating to:
 - Identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud;
- Obtaining an understanding of the legal and regulatory frameworks that the Company operates in, focusing on those laws and regulations that had a direct effect on the financial statements, such as the Companies Act 2006, pensions and tax legislation, or that had a fundamental effect on the operations of the Company, including General Data Protection requirements, Anti-bribery and corruption policy, the Health & Safety Regulations, Environment Act, Highways Act, Construction Design Management Regulations and the Coronavirus Job Retention Scheme.

Audit response to risks identified

Our procedures to respond to risk identified included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Evaluation and testing of the operating effectiveness of management's controls designed to prevent and detect irregularities;
- Enquiring of management concerning actual and potential litigation and claims;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Reading minutes of meetings of those charged with governance; and

Utilities Design & Planning Limited

Independent Auditors' Report to the Members of Utilities Design & Planning Limited (continued)

We have also considered the risks noted above in addressing the risk of fraud through management override of controls:

- Testing the appropriateness of journal entries and other adjustments; and
- Challenging assumptions made by management in their significant accounting estimates, and assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and
- Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

There are inherent limitations in the audit procedures described above, and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 Auditors' report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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.

Jo Gibson (Senior Statutory Auditor)

for and on behalf of

Hurst Accountants Limited

Chartered Accountants

Statutory Auditors

Lancashire Gate

21 Tiviot Dale

Stockport

SK1 1TD

30 September 2022

Utilities Design & Planning Limited

Statement of income and retained earnings
For the year ended 31 December 2021

	Note	2021 £	2020 £
Turnover	4	9,245,856	7,854,437
Cost of sales		(7,629,166)	(5,290,003)
Gross profit		1,616,690	2,564,434
Administrative expenses		(2,972,090)	(2,493,927)
Exceptional administrative expenses		-	(29,878)
Other operating income	5	-	81,792
Operating (loss)/profit	6	(1,355,400)	122,421
Interest receivable and similar income	10	35	795
Interest payable and similar expenses	11	(23,385)	(14,035)
(Loss)/profit before tax		(1,378,750)	109,181
Tax on (loss)/profit	12	82,580	(27,532)
(Loss)/profit after tax		(1,296,170)	81,649
Retained earnings at the beginning of the year		5,846,290	5,764,641
		5,846,290	5,764,641
(Loss)/profit for the year		(1,296,170)	81,649
Retained earnings at the end of the year		4,550,120	5,846,290

There were no recognised gains and losses for 2021 or 2020 other than those included in the statement of income and retained earnings.

The notes on pages 12 to 24 form part of these financial statements.

Utilities Design & Planning Limited
Registered number: 03272716

Balance sheet
As at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	13	<u>1,110,958</u>	<u>1,191,345</u>
		1,110,958	1,191,345
Current assets			
Stocks	14	53,739	55,038
Debtors: amounts falling due within one year	15	5,785,795	4,863,620
Cash at bank and in hand	16	<u>144,060</u>	<u>2,226,811</u>
		5,983,594	7,145,469
Creditors: amounts falling due within one year	17	<u>(2,285,213)</u>	<u>(2,151,112)</u>
Net current assets		3,698,381	4,994,357
Total assets less current liabilities		4,809,339	6,185,702
Creditors: amounts falling due after more than one year	18	(134,097)	(181,273)
Provisions for liabilities			
Deferred tax	19	<u>(125,120)</u>	<u>(158,137)</u>
		(125,120)	(158,137)
Net assets		4,550,122	5,846,292
Capital and reserves			
Called up share capital	20	2	2
Profit and loss account	21	<u>4,550,120</u>	<u>5,846,290</u>
		4,550,122	5,846,292

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

.....
L Boyle
Director

Date: 30 September 2022

The notes on pages 12 to 24 form part of these financial statements.

Utilities Design & Planning Limited

**Notes to the financial statements
For the year ended 31 December 2021**

1. General information

Utilities Design & Planning Limited is a private company limited by shares and incorporated in England. The address of the registered office and its principal place of business is Astor Road, Salford, Manchester, M50 1BB. The company's registered number is 03272716. The principal activity of the Company is the delivery of civil engineering, traffic management and utility services.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of UDP Group Limited as at 31 December 2021 and these financial statements may be obtained from Companies House.

Utilities Design & Planning Limited

**Notes to the financial statements
For the year ended 31 December 2021**

2. Accounting policies (continued)

2.3 Going concern

The financial statements have been prepared on a going concern basis. The following paragraphs set out the basis on which the directors have reached their conclusion.

The Covid 19 virus outbreak continued to have a significant impact on the majority of UK businesses in 2021, particularly the construction industry, with client investment decisions and timings significantly impacted resulting in reduced revenues and as a result, business profitability compared to historic norms.

At 31 December 2021, the Company had net current assets of £3,698,381 (2020: £4,994,357), and had cash reserves totalling £144,060 at 31 December 2021 (2020: £2,226,811).

At year end, the Company met its working capital requirements through cash balances, loans from related parties and a bank loan. In March 2022, the Company's parent company repaid the outstanding bank loan through a cash loan from a related party and the introduction of an invoice discount facility of up to £0.7m, of which circa £0.4m is utilised at the signing of these financial statements.

The Company has continued to trade at an EBITDA loss in the first half of 2022, primarily as a result of reduced Traffic Management volumes following departure of key staff and the completion of difficult projects in Civils.

However, following appointment of a new management team and review of its strategic plan, Civils' performance has improved significantly during Q3 2022, and Traffic Management volumes have improved since July following a number of contract wins.

The Company has prepared forecasts and projections for a period in excess of twelve months following the approval of these financial statements. The forecasts show the Company returning to a positive EBITDA and cash generation based on latest sales forecasts. The forecasts have been sensitised to consider inflationary impacts and volume risks, together with taking into account cost control measures which are in progress.

In preparation of these forecasts, the Company stress-tested the key assumption relating to gross margin percentage "GP%". In the scenario where GP% reduces by 6%, the Group shows a EBITDA loss before mitigating actions are taken by management. Whilst the Company are forecasting sufficient cash headroom to meet its day-to-day liabilities, any downward movement on GP% will have an impact on the Company's headroom, which will require the Company to make further reductions in its cost base and/or find additional facilities.

The directors are confident in delivering the forecast and returning the Company to a positive EBITDA position in FY23 but given that it is only due to recent performance in Civils and Traffic Management, there can be no certainty in fully delivering on its strategic plan.

If events transpire differently to directors' expectations, the Company would need to take further actions to control its cost base, explore additional support from its existing loan provider or look to secure additional finance through alternative means. In each of these scenarios the ability to further reduce cost without impacting the Company further or raise further finance is naturally uncertain, especially given recent uncertainty in the financial markets.

The directors have concluded that the combination of these circumstances this represent a material uncertainty, that may cast significant doubt on the Company to continue as a going concern. Therefore may be unable to realise its assets and discharge its liabilities in the ordinary course of business.

Utilities Design & Planning Limited

Notes to the financial statements
For the year ended 31 December 2021

2. Accounting policies (continued)

2.3 Going concern (continued)

Nevertheless, after making enquiries of its current facility providers, and considering the uncertainties described above, including the expectation of delivering on its strategic plan, the directors have a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future and that it is appropriate to prepare the annual report and financial statements to 31 December 2021 for on a going concern basis.

2.4 Revenue

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

Civils contracts

When the outcome of civils contracts can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion at the end of the reporting period.

Reliable estimation of the outcome of civils contracts requires reliable estimates of the stage of completion, future costs and collectability of billings.

The stage of completion is measured by surveys of work performed.

When the outcome of a civils contract cannot be estimated reliably, revenue is only recognised to the extent of contract costs incurred that it is probable will be recoverable.

When it is probable that total contract costs will exceed total contract revenue on a civils contract, the expected loss shall be recognised as an expense immediately, with a corresponding provision for an onerous contract.

Revenue in respect of variations to contracts and incentive payments is recognised when it is probable it will be agreed by the customer.

Where costs incurred plus recognised profits less recognised losses exceed progress billing, the balance is shown as due from customers on civils contracts within debtors. Where progress billings exceed costs incurred plus recognised profits less recognised losses, the balance is shown as due to customers on civils contracts within creditors.

2.5 Operating leases: the Company as lessee

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

2.6 Government grants

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

2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

Utilities Design & Planning Limited

**Notes to the financial statements
For the year ended 31 December 2021**

2. Accounting policies (continued)

2.8 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

2.9 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.10 Current and deferred taxation

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

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

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

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

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

2.11 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

Utilities Design & Planning Limited

Notes to the financial statements
For the year ended 31 December 2021

2. Accounting policies (continued)

2.12 Tangible fixed assets

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- straight line over 10 years
Plant and machinery	- straight line over 2 -10 years
Motor vehicles	- straight line over 5 -7 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.13 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to sell. Cost is based on the cost of purchase on a first in first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.14 Debtors

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

2.15 Cash

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.16 Creditors

Short term creditors are measured at the transaction price.

Utilities Design & Planning Limited

Notes to the financial statements
For the year ended 31 December 2021

2. Accounting policies (continued)

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company 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 profit or loss in the year that the Company 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 in the Balance sheet.

2.18 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

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

The preparation of the financial statements requires management to make significant judgements and estimates that affect amounts recognised for assets and liabilities at the reporting date and the amounts of revenue and expenses incurred during the period. Actual outcomes may differ from these judgements, estimates and assumptions.

The directors believe that judgements, estimates and assumptions do not have a significant risk of causing a material difference to the carrying amounts of the assets and liabilities within the next financial year.

4. Turnover

An analysis of turnover by class of business is as follows:

	2021	2020
	£	£
Revenue	<u>9,245,856</u>	<u>7,854,437</u>

All turnover arose within the United Kingdom.

Utilities Design & Planning Limited

Notes to the financial statements
For the year ended 31 December 2021

5. Other operating income

	2021 £	2020 £
Government grants receivable	<u>-</u>	<u>81,792</u>

Government grants receivable relates to income received under the Coronavirus Job Retention Scheme.

6. Operating (loss)/profit

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

	2021 £	2020 £
Other operating lease rentals	<u>15,505</u>	<u>13,576</u>

7. Exceptional items

	2021 £	2020 £
Compensation for loss of office and restructuring costs	<u>-</u>	<u>29,878</u>

8. Auditors' remuneration

	2021 £	2020 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>17,555</u>	<u>23,495</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

Utilities Design & Planning Limited

Notes to the financial statements
For the year ended 31 December 2021

9. Employees

Staff costs were as follows:

	2021	2020
	£	£
Wages and salaries	2,831,923	1,916,288
Social security costs	298,510	185,786
Cost of defined contribution scheme	43,080	34,494
	<u>3,173,513</u>	<u>2,136,568</u>

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

	2021	2020
	No.	No.
Employees	<u>85</u>	<u>65</u>

10. Interest receivable

	2021	2020
	£	£
Other interest receivable	<u>35</u>	<u>795</u>

11. Interest payable and similar expenses

	2021	2020
	£	£
Bank interest payable	4,553	863
Finance leases and hire purchase contracts	18,832	13,172
	<u>23,385</u>	<u>14,035</u>

Utilities Design & Planning Limited

Notes to the financial statements
For the year ended 31 December 2021

12. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	(49,563)	9,288
	<u>(49,563)</u>	<u>9,288</u>
Total current tax	<u>(49,563)</u>	<u>9,288</u>
Origination and reversal of timing differences	(33,017)	18,244
Total deferred tax	<u>(33,017)</u>	<u>18,244</u>
Taxation on (loss)/profit on ordinary activities	<u>(82,580)</u>	<u>27,532</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 -higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
(Loss)/profit on ordinary activities before tax	<u>(1,378,750)</u>	<u>109,181</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 -19%)	(261,963)	20,744
Effects of:		
Expenses not deductible for tax purposes	3,333	2,963
Capital allowances for year in excess of depreciation	-	3,825
Utilisation of tax losses	49,563	-
Unrelieved tax losses carried forward	126,487	-
Total tax charge for the year	<u>(82,580)</u>	<u>27,532</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

Utilities Design & Planning Limited

Notes to the financial statements
For the year ended 31 December 2021

13. Tangible fixed assets

	Leasehold improvements	Plant and machinery	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2021	374,359	1,160,901	561,479	2,096,739
Additions	3,506	139,529	174,801	317,836
Disposals	-	(130,780)	(141,794)	(272,574)
At 31 December 2021	<u>377,865</u>	<u>1,169,650</u>	<u>594,486</u>	<u>2,142,001</u>
Depreciation				
At 1 January 2021	116,212	444,520	344,662	905,394
Charge for the year on owned assets	40,338	163,005	98,583	301,926
Disposals	-	(60,215)	(116,062)	(176,277)
At 31 December 2021	<u>156,550</u>	<u>547,310</u>	<u>327,183</u>	<u>1,031,043</u>
Net book value				
At 31 December 2021	<u>221,315</u>	<u>622,340</u>	<u>267,303</u>	<u>1,110,958</u>
At 31 December 2020	<u>258,147</u>	<u>716,381</u>	<u>216,817</u>	<u>1,191,345</u>

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

	2021	2020
	£	£
Plant and machinery	290,266	382,813
Motor vehicles	243,700	184,081
	<u>533,966</u>	<u>566,894</u>

14. Stocks

	2021	2020
	£	£
Finished goods	<u>53,739</u>	<u>55,038</u>

Utilities Design & Planning Limited

Notes to the financial statements
For the year ended 31 December 2021

15. Debtors

	2021	2020
	£	£
Trade debtors	884,423	754,004
Amounts owed by group undertakings	3,863,807	3,558,382
Other debtors	687	-
Prepayments and accrued income	260,825	33,395
Amounts recoverable on long term contracts	715,778	507,127
Tax recoverable	60,275	10,712
	<u>5,785,795</u>	<u>4,863,620</u>

16. Cash

	2021	2020
	£	£
Cash at bank and in hand	<u>144,060</u>	<u>2,226,811</u>

17. Creditors: Amounts falling due within one year

	2021	2020
	£	£
Trade creditors	943,749	794,864
Amounts owed to group undertakings	-	122,400
Other taxation and social security	252,634	687,275
Obligations under finance lease and hire purchase contracts	150,034	166,150
Accruals and deferred income	938,796	380,423
	<u>2,285,213</u>	<u>2,151,112</u>

Obligations under finance leases and hire purchase contracts are secured upon the assets to which they relate.

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

	2021	2020
	£	£
Net obligations under finance leases and hire purchase contracts	<u>134,097</u>	<u>181,273</u>

Obligations under finance leases and hire purchase contracts are secured upon the assets to which they relate.

Utilities Design & Planning Limited

Notes to the financial statements
For the year ended 31 December 2021

19. Deferred taxation

	2021 £	2020 £
Liability at beginning of year	158,137	139,893
Charged/(credited) to profit or loss	(33,017)	18,244
Liability at end of year	<u>125,120</u>	<u>158,137</u>

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	<u>125,120</u>	<u>158,137</u>

20. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
2 (2020 -2) Ordinary shares of £1.00 each	<u>2</u>	<u>2</u>

21. Reserves

Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses.

22. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £43,080 (2020: £34,494). Contributions totalling £nil (2020: £nil) were payable to the fund at the balance sheet date.

Utilities Design & Planning Limited

Notes to the financial statements
For the year ended 31 December 2021

23. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	183,556	141,450
Later than 1 year and not later than 5 years	522,292	469,425
Later than 5 years	105,417	220,417
	<u>811,265</u>	<u>831,292</u>

24. Related party transactions

The directors have chosen not to disclose transactions entered into with companies wholly owned within the group as permitted under FRS 102 paragraph 33.1A.

25. Controlling party

The parent undertaking is UDP Group Limited, a company registered in England. The consolidated financial statements of this group are available to the public and may be obtained from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.
The ultimate controlling party is Foresight Regional Investment General Partner LLP.

