

**REGISTERED NUMBER: 02724474 (England and Wales)**

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017  
FOR  
HADHAM LIMITED**

**CONTENTS OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

	<b>Page</b>
<b>Company Information</b>	1
<b>Strategic Report</b>	2
<b>Report of the Directors</b>	5
<b>Report of the Independent Auditors</b>	7
<b>Statement of Comprehensive Income</b>	9
<b>Balance Sheet</b>	10
<b>Statement of Changes in Equity</b>	11
<b>Cash Flow Statement</b>	12
<b>Notes to the Cash Flow Statement</b>	13
<b>Notes to the Financial Statements</b>	14

**HADHAM LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**DIRECTORS:** L S Kirtland  
G L Davis

**SECRETARY:** G L Davis

**REGISTERED OFFICE:** Rae House  
Dane Street  
Bishop's Stortford  
Herts  
CM23 3BT

**BUSINESS ADDRESS:** 20-21 Twyford Business Park  
London Road  
Bishops Stortford  
Hertfordshire  
CM23 3YT

**REGISTERED NUMBER:** 02724474 (England and Wales)

**INDEPENDENT AUDITORS:** Barrow LLP  
Statutory Auditor  
Rae House  
Dane Street  
Bishops Stortford  
Herts  
CM23 3BT

**STRATEGIC REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

The directors present their strategic report for the year ended 30 June 2017.

**REVIEW OF BUSINESS**

The company experienced a substantial increase in turnover of approximately £4.387 million in comparison to the previous year, although due to the size of some of these contracts the overall gross profit percentage has reduced back more in line with figures returned in earlier years after last year's unusually high rise in overall gross margins. This higher level of trade has been achieved with increases in the overheads and administration costs of the business collectively rising proportionately in line with the general uplift in turnover.

The company's overall financial stability has once more continued to improve whilst investing in the trading future by way of expanding the general infrastructure of the business in order to facilitate a further series of anticipated future contracts.

Bearing in mind this expansion programme that has been embarked upon the directors are again pleased with the results for the year under review which show an operating pre-tax profit of approximately £940,000, which is very similar to the results of the preceding year. It is anticipated that these results should be at least matched in the coming year with a further series of large contracts having been secured.

**STRATEGIC REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**PRINCIPAL RISKS AND UNCERTAINTIES**

**Financial risks and their management**

As part of its ordinary activities the company is exposed to a number of financial risks including liquidity risk, credit risk and interest rate risk. The company proactively monitors these risks to ensure that they are managed appropriately.

The principal risk to the business is the relatively niche market that the company operates within. In order to maintain minimum risk conditions to the financial assets, liquidity and cash flow of the company the directors look to ensure that the clients are predominantly large construction companies and that a continuous review of the commercial principles are undertaken before and during the contract process.

**Liquidity risks**

The company manages its cash to ensure that there are sufficient liquid resources to meet the operating need of its business activities.

**Credit risk**

Investments of cash surpluses are made through banks approved by the directors.

Receivable balances are monitored on an ongoing basis to ensure that the credit lines offered are appropriate and provision is made for doubtful debts where considered necessary, although the majority of the company's clients are of large company status and of long-standing repute.

**Interest rate risk**

Interest rate risk is not considered to represent a significant risk at this time. The interest bearing liabilities are insignificant in total and, as such, enable management to plan and structure the business accordingly to reflect any interest costs that arise efficiently.

**Commercial relationships**

The company's business activity is centred on a core base of close commercial relationships built over a long period of time. Any risk to the loss of these contracts is managed through regular reviews and contact with the relationship manager to ensure that the company responds to their needs and delivers the service levels that they expect.

**Regulatory compliance**

The company's main risk in this regard is considered to be that in relation to health and safety compliance and this particular issue is regularly reviewed and monitored by management and external experts in order to ensure that the highest standard possible is achieved.

**Personnel**

The company's personnel risk focuses on the ability to attract and retain skilled individuals to deliver its growth plans. The employment policies, remuneration and benefits packages are regularly reviewed to ensure that they remain competitive in the sector. The company also monitors employees to identify high performing individuals and ensure that they are developed and progressed within the company as seamlessly as possible.

**IT Systems**

The ability to increase the scale of the technology infrastructure at pace whilst retaining a secure and compliant environment is considered to be paramount to delivering the company's growth strategy. The business manages this risk through continuous improvement methodology and continues to invest in developing the core systems to ensure that they remain current and compliant, which includes regularly updating its computer software and hardware.

**STRATEGIC REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**KEY PERFORMANCE INDICATORS**

The directors continue to consider that the company's key performance indicators are its sales (completion of projects) and return on these sales by minimizing overheads and increasing staff efficiency without compromising the quality. The main points are:

Sales: Turnover has increased by approximately 54% in comparison to the previous year.

Gross profit: The gross profit percentage has decreased in comparison to the previous year but still represents a level within the usual overall anticipated historic range after last year's exceptionally high return.

Overheads and administration expenses have increased collectively in line with the increased level of trade with nothing of a disproportionate nature and are fairly consistent with recent years taking into consideration the vast rise in turnover this year.

The size of the company's workforce has been increased by approximately 15% in number in comparison to the previous year, which is considered to be acceptable bearing in mind the higher levels of trade.

The financial integrity and stability of the company has once more been maintained relative to bank balances and the level of outstanding debtors with net current assets collectively having increased by approximately £720,000.

**FUTURE DEVELOPMENTS**

The company has continued to grow rapidly and has once more secured further major contracts with large construction organisations.

Ongoing internal and third party reviews of health and safety procedures have been undertaken with no breaches or weaknesses of any significance having been encountered. Continuing improvements in this regard have contributed towards the company's good reputation and working practices in the sector.

Continuing reassessments of internal procedures, management structures and capital requirements have been carried out in order to facilitate the expansion plans of the company and to ensure that it maintains its viability in the immediate and long-term future.

**ON BEHALF OF THE BOARD:**

L S Kirtland - Director

9 February 2018

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 30 JUNE 2017**

The directors present their report with the financial statements of the company for the year ended 30 June 2017.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of general and civil engineering and there has been no significant change in this activity during the year.

**DIVIDENDS**

No dividends will be distributed for the year ended 30 June 2017.

**DIRECTORS**

The directors during the year under review were:

L S Kirtland  
G L Davis

The beneficial interests of the directors holding office on 30 June 2017 in the issued share capital of the company were as follows:

	30.6.17	1.7.16
<b>Ordinary £1 shares</b>		
L S Kirtland	100	100
G L Davis	-	-

**CHARITABLE CONTRIBUTIONS**

During the year the company made charitable contributions totalling £4,030 (2016 - £2,545). These contributions were made in furtherance of the charities' general objectives.

**DIRECTORS' INDEMNITY**

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also maintained directors' and officers' liability insurance during the year in respect of itself and its directors.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

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



**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 30 JUNE 2017**

**AUDITORS**

The auditors, Barrow LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

L S Kirtland - Director

9 February 2018

# REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HADHAM LIMITED

## Opinion

We have audited the financial statements of Hadham Limited (the 'company') for the year ended 30 June 2017 on pages nine to twenty one. 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its profit 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.
- Based on the work undertaken in the course of audit, the strategic report and directors' report is consistent with the financial statement and has been prepared in accordance with applicable legal requirements.

## Basis for opinion

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

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

## Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, based on the work we have performed, we conclude that there is a material

misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

# REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HADHAM LIMITED

## **Matters on which we are required to report by exception**

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

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

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

## **Responsibilities of directors**

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

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

## **Our responsibilities for the audit of the financial statements**

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

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

Glenn Armon-Jones (Senior Statutory Auditor)  
for and on behalf of Barrow LLP  
Statutory Auditor  
Rae House  
Dane Street  
Bishops Stortford  
Herts  
CM23 3BT

9 February 2018

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2017**

	Notes	30.6.17 £	30.6.16 £
<b>TURNOVER</b>		12,471,619	8,085,019
Cost of sales		<u>(10,101,971)</u>	<u>(5,761,485)</u>
<b>GROSS PROFIT</b>		2,369,648	2,323,534
Administrative expenses		<u>(1,448,523)</u>	<u>(1,063,007)</u>
		921,125	1,260,527
Other operating income		-	8,830
<b>OPERATING PROFIT</b>	4	<u>921,125</u>	<u>1,269,357</u>
Exceptional bad debt	5	-	(303,610)
		<u>921,125</u>	<u>965,747</u>
Income from fixed asset investments		2,980	2,500
Interest receivable and similar income		342	114
		<u>924,447</u>	<u>968,361</u>
Amounts written off investments	6	-	(25)
Gain/loss on revaluation of investment property		19,200	(16,300)
		<u>943,647</u>	<u>952,036</u>
Interest payable and similar expenses	7	(3,161)	(3,415)
<b>PROFIT BEFORE TAXATION</b>		<u>940,486</u>	<u>948,621</u>
Tax on profit	8	<u>(188,731)</u>	<u>(197,141)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u><u>751,755</u></u>	<u><u>751,480</u></u>

**BALANCE SHEET**  
**30 JUNE**  
**2017**

	Notes	30.6.17 £	30.6.16 £
<b>FIXED ASSETS</b>			
Tangible assets	10	518,077	474,301
Investments	11	77,900	58,700
Investment property	12	-	48,000
		<u>595,977</u>	<u>581,001</u>
<b>CURRENT ASSETS</b>			
Debtors	13	4,063,408	2,636,091
Cash at bank and in hand		<u>2,936,184</u>	<u>944,378</u>
		6,999,592	3,580,469
<b>CREDITORS</b>			
Amounts falling due within one year	14	<u>(4,375,923)</u>	<u>(1,685,104)</u>
<b>NET CURRENT ASSETS</b>		<u>2,623,669</u>	<u>1,895,365</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>3,219,646</u>	<u>2,476,366</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	15	(5,181)	(23,611)
<b>PROVISIONS FOR LIABILITIES</b>	18	<u>(93,906)</u>	<u>(83,951)</u>
<b>NET ASSETS</b>		<u>3,120,559</u>	<u>2,368,804</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	100	100
Retained earnings	20	<u>3,120,459</u>	<u>2,368,704</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>3,120,559</u>	<u>2,368,804</u>

The financial statements were approved by the Board of Directors on 9 February 2018 and were signed on its behalf by:

L S Kirtland - Director

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2017**

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 July 2015</b>	100	1,697,224	1,697,324
<b>Changes in equity</b>			
Dividends	-	(80,000)	(80,000)
Total comprehensive income	-	751,480	751,480
<b>Balance at 30 June 2016</b>	<u>100</u>	<u>2,368,704</u>	<u>2,368,804</u>
<b>Changes in equity</b>			
Total comprehensive income	-	751,755	751,755
<b>Balance at 30 June 2017</b>	<u><u>100</u></u>	<u><u>3,120,459</u></u>	<u><u>3,120,559</u></u>

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2017**

	Notes	30.6.17 £	30.6.16 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	2,338,978	658,229
Interest paid		(3,161)	(3,415)
Tax paid		(153,079)	(94,905)
Net cash from operating activities		<u>2,182,738</u>	<u>559,909</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(219,751)	(235,992)
Sale of tangible fixed assets		14,557	-
Sale of investment property		46,809	36,809
Interest received		342	114
Dividends received		2,980	2,500
Net cash from investing activities		<u>(155,063)</u>	<u>(196,569)</u>
<b>Cash flows from financing activities</b>			
Capital repayments in year		(35,794)	(6,479)
Amount introduced by directors		-	17,493
Amount withdrawn by directors		(75)	2,382
Equity dividends paid		-	(80,000)
Net cash from financing activities		<u>(35,869)</u>	<u>(66,604)</u>
<b>Increase in cash and cash equivalents</b>		<u>1,991,806</u>	<u>296,736</u>
<b>Cash and cash equivalents at beginning of year</b>	2	944,378	647,642
<b>Cash and cash equivalents at end of year</b>	2	<u><u>2,936,184</u></u>	<u><u>944,378</u></u>



NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2017

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

	30.6.17	30.6.16
	£	£
Profit before taxation	940,486	948,621
Depreciation charges	165,932	123,860
(Profit)/loss on disposal of fixed assets	(3,323)	8,699
(Gain)/Loss on revaluation of fixed assets	(19,200)	16,300
Exceptional bad debts	-	275,635
Finance costs	3,161	3,415
Finance income	<u>(3,322)</u>	<u>(2,614)</u>
	1,083,734	1,373,916
Increase in trade and other debtors	(1,441,019)	(1,235,798)
Increase in trade and other creditors	<u>2,696,263</u>	<u>520,111</u>
<b>Cash generated from operations</b>	<u><u>2,338,978</u></u>	<u><u>658,229</u></u>

2. CASH AND CASH EQUIVALENTS

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

**Year ended 30 June 2017**

	30.6.17	1.7.16
	£	£
Cash and cash equivalents	<u>2,936,184</u>	<u>944,378</u>

**Year ended 30 June 2016**

	30.6.16	1.7.15
	£	£
Cash and cash equivalents	<u>944,378</u>	<u>647,642</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**1. STATUTORY INFORMATION**

Hadham Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

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

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

**Turnover**

The company takes general order construction work in respect of architectural and metal works. When the outcome of a construction contract can be estimated reliably in terms of its stage of completion, future costs to complete and collectability of billings, the company recognises revenue and expenses on the construction contract by reference to the stage of completion of the contract activity at the end of the reporting period. The stage of completion is determined on the basis of the proportion of the contract costs incurred to date over the estimated total costs. When the outcome of a contract cannot be estimated reliably the company only recognises revenue to the extent of the recoverable contract costs incurred.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Plant and machinery	- 25% on cost and 25% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer and office equipment	- Straight line over 3 years

**Investment property**

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

**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

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

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme and also pays personal contributions on behalf of a director.

All contributions for the year are charged in the profit and loss account.

**Deferred taxation**

The charge for taxation takes into account taxation deferred as a result of timing differences between the treatment of certain items for taxation and accounting purposes. In general, deferred taxation is recognised in respect of all timing

differences that have originated but not reversed at the balance sheet date. However, deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred taxation is measured on a non-discounted basis at the average tax rates that would apply when the timing differences are expected to reverse, based on tax rates and laws that have been enacted by the balance sheet date. Page 14

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2017**

**2. ACCOUNTING POLICIES - continued**

**Significant judgements and estimates**

**Critical accounting judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, which are described in note 2 above, 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 associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised 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 company's accounting policies**

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

**Revenue recognition**

The self certified applications are submitted for the approval of client on a completion of a stage. The uncertified applications are based on directors' judgement and subject to client approval. The uncertified applications are based upon the expenditures incurred during the year in relation to a contract and its approximate stage of completion. In accordance with agreements the customers are entitled to keep a certain amount which is usually a small percentage of the works completed as retention. In the light of the matter explained above, management was required to consider whether it was appropriate to recognise the revenue from these retentions and uncertified applications in the current period in line with the company's general policy of recognising revenue when goods are delivered, or whether it was more appropriate to defer recognition until the certificate of no rectification of works required is received and applications have been formally certified. In making its judgement, management considered the detailed criteria for the recognition of revenue from the sale of goods set out in FRS 102 Section 23 Revenue and, in particular, whether the company had transferred to the buyer the significant risks and rewards of ownership of the goods. The directors are satisfied that the significant risks and rewards have been transferred and that recognition of the revenue in the current year for the retentions is appropriate.

**Key source of estimation uncertainty - impairment of associate loans**

Determining whether the associated loan is impaired requires an estimation of the fair value of the associate's net assets. The fair value calculations require the entity to estimate the future cash flows expected to arise from the sale of the associate's assets. Based on the directors' estimation of the associate's net liabilities, the carrying amount of the investment loan at the balance sheet date which was £337,610 (2016: £303,610) has been fully impaired.

**3. EMPLOYEES AND DIRECTORS**

	30.6.17	30.6.16
	£	£
Wages and salaries	2,419,698	1,976,972
Social security costs	251,083	209,195
Other pension costs	70,520	34,182
	<u>2,741,301</u>	<u>2,220,349</u>

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

Office and management  
Direct labour

Page 15

	30.6.17	30.6.16
	19	16
	<u>53</u>	<u>47</u>
	<u>72</u>	<u>63</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2017

3. **EMPLOYEES AND DIRECTORS - continued**

	30.6.17	30.6.16
	£	£
Directors' remuneration	<u>263,688</u>	<u>163,658</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
------------------------	----------	----------

Information regarding the highest paid director for the year ended 30 June 2017 is as follows:

	30.6.17
	£
Emoluments etc	<u>176,800</u>

4. **OPERATING PROFIT**

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

	30.6.17	30.6.16
	£	£
Plant hire	67,727	71,571
Depreciation - owned assets	144,126	93,165
Depreciation - assets on hire purchase contracts	21,806	30,695
(Profit)/loss on disposal of fixed assets	(3,323)	8,699
Auditors' remuneration	<u>10,000</u>	<u>8,000</u>

5. **EXCEPTIONAL ITEMS**

	30.6.17	30.6.16
	£	£
Exceptional bad debt	<u>-</u>	<u>(303,610)</u>

**Bad debt - associate company**

The exceptional item relates to the provision for the writing down of the loan balance to the associated company Lass Limited to the deemed recoverable amount at the previous year's balance sheet date.

6. **AMOUNTS WRITTEN OFF INVESTMENTS**

	30.6.17	30.6.16
	£	£
Amount written off investments	<u>-</u>	<u>25</u>

7. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	30.6.17	30.6.16
	£	£
Bank interest	-	18
Hire purchase interest	<u>3,161</u>	<u>3,397</u>
	<u>3,161</u>	<u>3,415</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2017

8. **TAXATION**

**Analysis of the tax charge**

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

	30.6.17	30.6.16
	£	£
Current tax:		
UK corporation tax	178,776	166,781
Deferred tax: origination and reversal of timing differences	<u>9,955</u>	<u>30,360</u>
Tax on profit	<u><u>188,731</u></u>	<u><u>197,141</u></u>

UK corporation tax has been charged at 19.75% (2016 - 20%).

9. **DIVIDENDS**

	30.6.17	30.6.16
	£	£
Ordinary shares of £1 each		
Interim	<u>-</u>	<u>80,000</u>

10. **TANGIBLE FIXED ASSETS**

	Plant and machinery £	Motor vehicles £	Computer and office equipment £	Totals £
<b>COST</b>				
At 1 July 2016	398,314	421,298	131,838	951,450
Additions	60,725	154,723	4,303	219,751
Disposals	-	(42,816)	-	(42,816)
At 30 June 2017	<u>459,039</u>	<u>533,205</u>	<u>136,141</u>	<u>1,128,385</u>
<b>DEPRECIATION</b>				
At 1 July 2016	208,131	205,019	63,999	477,149
Charge for year	51,170	73,261	41,501	165,932
Eliminated on disposal	-	(32,773)	-	(32,773)
At 30 June 2017	<u>259,301</u>	<u>245,507</u>	<u>105,500</u>	<u>610,308</u>
<b>NET BOOK VALUE</b>				
At 30 June 2017	<u><u>199,738</u></u>	<u><u>287,698</u></u>	<u><u>30,641</u></u>	<u><u>518,077</u></u>
At 30 June 2016	<u><u>190,183</u></u>	<u><u>216,279</u></u>	<u><u>67,839</u></u>	<u><u>474,301</u></u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2017

10. TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £	Motor vehicles £	Totals £
<b>COST</b>			
At 1 July 2016	14,967	177,153	192,120
Additions	-	28,032	28,032
Transfer to ownership	-	(118,025)	(118,025)
At 30 June 2017	<u>14,967</u>	<u>87,160</u>	<u>102,127</u>
<b>DEPRECIATION</b>			
At 1 July 2016	6,987	51,566	58,553
Charge for year	1,995	19,811	21,806
Transfer to ownership	-	(47,154)	(47,154)
At 30 June 2017	<u>8,982</u>	<u>24,223</u>	<u>33,205</u>
<b>NET BOOK VALUE</b>			
At 30 June 2017	<u>5,985</u>	<u>62,937</u>	<u>68,922</u>
At 30 June 2016	<u>7,980</u>	<u>125,587</u>	<u>133,567</u>

11. FIXED ASSET INVESTMENTS

	Listed investments £
<b>COST OR VALUATION</b>	
At 1 July 2016	58,700
Revaluations	19,200
At 30 June 2017	<u>77,900</u>
<b>NET BOOK VALUE</b>	
At 30 June 2017	<u>77,900</u>
At 30 June 2016	<u>58,700</u>

Cost or valuation at 30 June 2017 is represented by:

	Listed investments £
Valuation in 2015	68,000
Valuation in 2016	(19,300)
Valuation in 2017	19,200
Cost	<u>10,000</u>
	<u>77,900</u>



**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**11. FIXED ASSET INVESTMENTS - continued**

If fixed asset investments had not been revalued they would have been included at the following historical cost:

	30.6.17	30.6.16
	£	£
Cost	<u>10,000</u>	<u>10,000</u>

Fixed asset investments were valued on an open market basis on 30 June 2017 by the company directors .

**12. INVESTMENT PROPERTY**

	Total £
<b>FAIR VALUE</b>	
At 1 July 2016	48,000
Disposals	<u>(48,000)</u>
At 30 June 2017	-
<b>NET BOOK VALUE</b>	
At 30 June 2017	-
At 30 June 2016	<u>48,000</u>

**13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	30.6.17	30.6.16
	£	£
Trade debtors	3,735,927	2,269,819
Amounts recoverable on contracts	81,854	189,367
Other debtors	4,505	-
Social security and other taxes	207,041	112,208
Corporation tax recoverable	-	13,702
Prepayments & accrued income	34,081	50,995
	<u>4,063,408</u>	<u>2,636,091</u>

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	30.6.17	30.6.16
	£	£
Hire purchase contracts (see note 16)	27,180	44,544
Trade creditors	2,513,354	1,096,748
Corporation tax	178,776	166,781
Social security and other taxes	99,495	102,437
Other creditors	5,996	1,245
Amount owed to related parties	-	63,000
Deferred income	1,415,390	68,104
Directors' current accounts	2,307	2,382
Accrued expenses	133,425	139,863
	<u>4,375,923</u>	<u>1,685,104</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2017

15.	<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	30.6.17	30.6.16
		£	£
	Hire purchase contracts (see note 16)	5,181	23,611
		<u>          </u>	<u>          </u>
16.	<b>LEASING AGREEMENTS</b>		
	Minimum lease payments under hire purchase fall due as follows:		
		30.6.17	30.6.16
		£	£
	Gross obligations repayable:		
	Within one year	28,077	47,260
	Between one and five years	6,221	25,125
		<u>34,298</u>	<u>72,385</u>
	Finance charges repayable:		
	Within one year	897	2,716
	Between one and five years	1,040	1,514
		<u>1,937</u>	<u>4,230</u>
	Net obligations repayable:		
	Within one year	27,180	44,544
	Between one and five years	5,181	23,611
		<u>32,361</u>	<u>68,155</u>
17.	<b>SECURED DEBTS</b>		
	The following secured debts are included within creditors:		
		30.6.17	30.6.16
		£	£
	Hire purchase contracts	32,361	68,155
		<u>          </u>	<u>          </u>
	The hire purchase liabilities are secured against the related assets.		
18.	<b>PROVISIONS FOR LIABILITIES</b>	30.6.17	30.6.16
		£	£
	Deferred tax		
	Accelerated capital allowances	81,005	73,903
	Deferred tax on revaluations	12,901	10,048
		<u>93,906</u>	<u>83,951</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2017

18. PROVISIONS FOR LIABILITIES - continued

	Deferred tax £
Balance at 1 July 2016	83,951
Charge for the year	<u>9,955</u>
Balance at 30 June 2017	<u><u>93,906</u></u>

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	30.6.17	30.6.16
100	Ordinary	£1	<u>£ 100</u>	<u>£ 100</u>

20. RESERVES

	Retained earnings £
At 1 July 2016	2,368,704
Profit for the year	<u>751,755</u>
At 30 June 2017	<u><u>3,120,459</u></u>

21. PENSION COMMITMENTS

The company operates defined pension schemes for the directors and employees. Contributions to pension schemes for the directors during the year totalled £33,238 (2016 - £3,020) and for employees totalled £37,282 (2016 - £31,162). There were £5,996 of outstanding contributions at the balance sheet date (2016 - nil).