

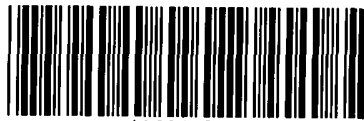
Bardsley Construction Limited

Report & Financial Statements

for the year ended

31 December 2016

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Bardsley Construction Limited

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Bardsley Construction Limited

Officers and Professional Advisers

Directors

E Allsopp
J Cocker
P Godfrey
A Rooney
G Rooney
P Strutt

Registered Office

Globe Square
Dukinfield
Cheshire
SK16 4RG

Auditor

RSM UK Audit LLP
Chartered Accountants
3 Hardman Street
Manchester
M3 3HF

Bankers

Santander Corporate & Commercial Banking
298 Deansgate
Manchester
M3 4HH

Solicitors

Weightmans LLP
Pall Mall Court
61-67 King Street
Manchester
M2 4PD

Bardsley Construction Limited

Directors' Report

The Directors submit their annual report and the financial accounts for the 12 months ended 31 December 2016.

Principal Activities

Bardsley Construction Limited is a leading provider of professional building services across the public and private sector in the North West, Yorkshire and the Midlands and has a strong reputation as a quality contractor. The Company's principal activities are managed through a dedicated head office in Manchester and two regional offices in Leeds and Keele.

Bank facilities

Bardsley Construction Limited has an annual overdraft facility of £2 million. The parent company, Bardsley Construction Holdings Limited bank facility comprises of a £0.8m Growth Capital Loan facility repayable in July 2018. The overdraft facilities are made available at 3.5% above base rate.

Going Concern

In determining whether the Company's annual financial statements can be prepared on a going concern basis, the directors have considered the Company's business activities, together with the factors likely to affect its future development, performance and position. The review also includes the financial position of the Company, its cash flows, liquidity position and borrowing facilities. The key factors considered by the directors were as follows:

- the implications of an improving economic environment brings its own specific challenges on the Company's revenues and profits. The Company undertakes monthly rolling forecasts and weekly projections of cash flows. This allows the Company to target performance and identify areas of focus for management;
- the Company monitors the secured order book to ensure that resources are in place to deliver the contracted projects and it also monitors the pipeline opportunities to ensure that there is sufficient work available in the future;
- the impact of the competitive environment within which the Company's businesses operates;
- the potential actions that could be taken in the event that revenues are worse than expected, to ensure that operating profit and cash flows are protected;
- the Company has access to overdraft facilities to meet day to day working capital requirements.

The directors confirm that, after due consideration they have a reasonable expectation that the Company has adequate resources to continue in business for at least 12 months from the date of signing the financial statements. Accordingly, the Annual report and financial statements for the period ended 31 December 2016 have been prepared on the going concern basis.

Results and Dividends

Turnover for the year under review was £51.4m (2015: £50.7m). This generated a gross profit of £3.6m (2015: £4.1m). The Company showed a profit for the year before tax of £0.8m (2015: £1.7m).

The Company declared and paid a dividend to Bardsley Construction Holdings Limited of £0.3m (2015: £1.1m).

Payment of suppliers

The Company aims to pay suppliers in accordance with the suppliers' contract terms. The Company had an average of 46 days' purchases (2015: 38 days) outstanding in trade creditors against Company default payment terms of 45 days.

Financial Control

The Directors acknowledge responsibility for the Company's system of internal financial control and believe the established systems are appropriate to the business. No material losses or contingencies have arisen during the 12 months trading period that would require disclosure by the Directors.

Bardsley Construction Limited

Directors' Report

It is the view of the Directors that the accounts presented represent a true and fair view of the state of affairs of the Company and results for the 12 months to year end. Suitable accounting policies have been established and applied consistently and disclose with reasonable accuracy the financial position of the Company.

Directors

The Directors of the Company who served during the year were as follows:

E Allsopp – Financial Director
J Cocker - Commercial Director
P Godfrey – Pre-Construction Director
A Rooney – Director (resigned on 27th May 2016 and was reappointed on 9th January 2017)
G Rooney – Procurement Director
P Strutt – Managing Director

T Hough resigned on 31st March 2017

Third Party Indemnity Provision for Directors

Qualifying third party indemnity provisions for the benefit of the Directors was in force during the financial year and at the date of approval of the financial statements.

Disabled Persons

The Company gives full consideration to suitable applications for the employment of disabled persons. Disabled employees are eligible to participate in all career development opportunities available to staff. Opportunities also exist for employees of the Company who become disabled to continue in their employment or to be retrained for other positions in the Company.

Donations

During the year charitable donations amounted to £26,365 (2015: £23,542). No political contributions were made.

Strategic Report

The information required by schedule 7 of the large and Medium-sized Companies and Group (Accounts and Reports) Regulations 2008 has been included in the separate Strategic Report in accordance with section 414c(ii) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

Statement as to disclosure of information to auditor

The Directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant information of which the auditor is unaware. Each of the Directors has confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor

A resolution to reappoint RSM UK Audit LLP, chartered accountants, as auditor will be put to the members at the AGM and RSM UK Audit LLP has indicated a willingness to continue in office.

On behalf of the Board



P Strutt
Director

Date: 26 April 2017

Bardsley Construction Limited

Strategic Report

Business Review

Bardsley Construction Limited has successfully traded for over 50 years. During this period it has experienced a number of economic cycles and remains well managed and with key management incentivised to promote the overall success of the business. The Government Budget announcements in July 2015 continued to impact the public sector housing market well into 2016 and the referendum brought with it further unstable conditions in the summer that impacted the appetite for investment. These conditions created delays in contracts starting on site and have been the single most important challenge for us as a business as we sought to replace delays with the right work for our business. Private developers react quicker than public sector but strategically as a business we have always been minded to keep the balance of public and private sector in the right proportion. In 2016 we increased the level of public sector targeted work in order to restore that equilibrium and to provide a platform for growth in 2017 with the right risk reward balance.

The affordable housing market particularly has been slow to deal with the impact of uncertainty. The delay in public sector work in the early part of the year may have impacted overall profitability but during the autumn of 2016 we have witnessed a much more buoyant market place with the business benefitting now from much healthier enquiry levels. Our main focus as a business will now turn towards resources and subcontractor skill shortages.

We will continue to specialise in education, elderly care and housing, but will have an increasing portfolio of projects to rely on in commercial, leisure, hotels and student accommodation sectors. Key to our success is to maintain and develop our existing relationships with clients and consultants, and build upon our reputation of being a user friendly business that respects our customers and achieves our mutual goals. Last year, to support our growth ambitions we expanded into the Midlands region. This has been a positive move and whilst early days the clients we are talking to have been supportive.

Turnover for the period of £51 million represents a slight increase on the previous year of 1%, however gross profit margin decreased by 1.05% to 7.05% which is partly attributable to an increase in public sector work. Overheads have increased as we have invested in additional resources to manage our wider geographical area. The Company's operating profit was £0.86 million. Cash at bank at the end of the reporting period was strong at £6.43 million.

Pipeline opportunities are good and the secured order book for 2017, at the time of writing, is in excess of £55 million which already represents the majority of the budgeted turnover for the year as shown in our 2017 Business Plan with a further £9 million expected to convert to 'secured' by June 2017.

Key Performance Indicators

The company measures its financial performance by monitoring the following statistics:

	Year Ended 31 December 2016	Year Ended 31 December 2015
Turnover (£m)	51.36	50.74
Operating profit (£m)	0.86	1.73
Pre-tax profit (£m)	0.82	1.69
Total assets less total liabilities (£m)	9.80	9.39
Cash at bank (£m)	6.43	6.84
Secured order book (£m)	55	53
Gross profit	7.05%	8.10%

Bardsley Construction Limited

Strategic Report

The company measures its non-financial performance by monitoring the following HSE RIDDOR statistics:

	2015	2016
Number of reportable injuries under RIDDOR		
- Bardsley	1	1
- Subcontractor	3	2
Accident Incidence Rate (AIR)	549	329
Accident Frequency Rate (AFR)	0.29	0.18
HSE National Accident Incidence Rate (AIR)	500	424
Minor Non Reportable (First Aid Only) Injuries	41	28

Employee Involvement

The Company is committed to involving all its employees in the performance and development of the Company, which is demonstrated by our Investors in People accreditation.

The Company encourages all employees to participate fully in the business through different methods of communication including construction forums, committee meetings, newsletters, social media, personal development reviews and toolbox talks, enabling employees to share information and views between business units and departments.

The Company has an 'open door' management style and employees are encouraged to speak to management about matters of interest or subjects that affect the day to day running of the Company.

Our apprentice and trainee programmes are an important part of the business, and the involvement of some of our more experienced and knowledgeable workforce from site operatives to management play a vital part in the development of these roles.

Risk Management

As with any business, Bardsley Construction Limited faces a number of risks and uncertainties in its day-to-day operations but by identifying and managing these risks we are able to improve our business. The Board continually review the following risks:

Contract Risk

Managing risk correctly is the key to a successful business. At Bardsley we implement the use of a risk matrix at key stages of the construction process from the decision to bid and initial tender through design, procurement, build and aftercare. We operate a regime of disciplined selective bidding led by Board members to ensure contracts fit the Company's workload criteria. Each month commercial team meetings are held on site with the project team, together with senior management and Board members, where all aspects of the project from design, procurement, programme, progress, financial performance, quality assurance and safety are reviewed and where required improvement measures are discussed, agreed and implemented. Monthly cost review meetings follow and the financial reports from these meetings are discussed at every Board meeting.

Client and Subcontractor Risk

In order to ensure recovery of money due under contract, we undertake robust checks of both our Client and also the terms of the contract and where judged appropriate further control is applied. A strong and reliable supply chain is key to our continued success and we apply rigorous checks to ensure they are currently and continue to be suitable partners for our business.

Bardsley Construction Limited

Strategic Report

Economic and Market Conditions

Our current programme of work has been supported by collaborative relationship contracting through frameworks, direct negotiation and repeat business with existing Clients and consultants. We are currently involved in 10 major delivery frameworks with a total value of £1.9bn covering diverse sectors including Housing, Extra Care and supported living, education and public sector buildings. Whilst offering a substantial proportion of our workload, the wide spectrum of work has been monitored closely to ensure we are not too reliant on any one Client or sector. With uncertainty surrounding funding and the appetite for risk across the public sector we have diversified into a wider field of delivery, including Student Accommodation, Private Residential / PRS and the Petrochemical Industry. Our first venture into new regions commenced with the opening of our Leeds office some six years ago and has proved to be a resounding success. The model of growth through frameworks and relationships has allowed us to build on the success of the North West region and extend this delivery model into Yorkshire. To support continued growth we have expanded into the Midlands.

Political and Regulatory Risk

The dangers of political initiatives which restrict funding lines to public sector clients and infrastructure projects, leads to uncertainty in the market and a lack of confidence. With this in mind we continue to explore other markets which are less reliant on such funding.

Failure of IT Systems

The reliability of the Companies IT systems is vital in ensuring continuity of operations. The Company invested in 2014 in upgrading its disaster recovery to a secure offsite data storage which is backed up to daily. In the event of a disaster, the Company is confident that its systems could be operational within 24 hours.

Availability of Bonding

The Company has adequate bonding facilities in place from sureties to ensure it can meet its bonding requirements. All bonds are procured through a broker to ensure the bond wording is correct, appropriate and protects all parties. Our current bonding facilities are provided by HCC, Aviva and QBE.

Safety, Health, Environment & Quality

Bardsley places a significant value in relation to robust protection of Safety, Health, Environment and Quality (SHEQ) and its effects on both persons whilst at work and others whom may reasonably be affected during the course of its work activities. Its core values are attributable to:

- 'Buy in' at Board and senior management level in relation to the legal, moral, financial and reputational values that good management of SHEQ brings to the business.
- A genuine belief that effective management of health, safety, welfare and environmental conditions is an integral part of 'what we do' and not a 'bolt on'. Our belief is that also safe sites assist with producing a quality product
- An overarching SHEQ Policy set at high level which is appropriately communicated throughout the business (both internally and to our supply chain partners) which reflects our business requirements.
- A fully comprehensive UKAS Accredited OHSAS 18001 and ISO 14001 integrated SHEQ Management System that complies with legal requirements on a statutory basis and also so far as is reasonably practicable in relation to civil liabilities and also Corporate Social Responsibility.
- 'Building safety in' starting at the project inception stage via suitable planning and the devising of robust safe systems of work and ensuring the safe execution of work activities throughout the duration of the project and post-handover.
- The appointment of competent directly appointed personnel and supply chain partners which is critically assessed prior to appointments and the commencement of works. This includes significant investment in training, apprenticeships and local labour requirements.
- Effective communication both internally and externally in relation to SHEQ matters which includes meetings, dissemination of information and the provision of a SHEQ Consultative Committee. All of the aforementioned contribute to a positive SHEQ culture.
- The company is committed to continuous improvement of a positive SHEQ culture, this is demonstrated by a mind safety initiative programme embarked on in 2016 which is extending into 2017
- A robust SHEQ monitoring and review regime which allows Bardsley to be a 'learning contractor' via the collation of performance data. This in turn allows critical analysis and review of previous performance and forms the basis of the company SHEQ continual development strategy.

Bardsley Construction Limited

Strategic Report

- The company is committed to the reduction of all accident and RIDDOR incidents and ensures that a rigorous accident investigation process is adhered to which seeks to reduce our criminal and civil liabilities.
- The health of our employees is paramount and we continue to undertake and monitor regular health checks on an ongoing basis and includes formal occupational health (OH) monitoring by a competent OH provider.

On behalf of the Board

P. Strutt

P Strutt
Director

Date: 26 April 2017

Bardsley Construction Limited

Directors' Responsibilities in the Preparation of Financial Statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. 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.

Bardsley Construction Limited

Independent Auditor's Report to the Members

Opinion on financial statements

We have audited the financial statements on pages 10 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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, based on the work undertaken in the course of our audit, 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 any material misstatements in the Strategic Report or the Directors' report.

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

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

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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.

RSM UK Audit LLP

Dale Thorpe BSc FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
3 Hardman Street
Manchester
M3 3HF

Date 27 April 2017

Bardsley Construction Limited

Statement of Comprehensive Income

For the year ended 31 December 2016

		2016	2015
	<i>Notes</i>	£	£
Turnover	1	51,356,478	50,743,879
Cost of sales		<u>(47,734,322)</u>	<u>(46,630,964)</u>
Gross Profit		<u>3,622,156</u>	<u>4,112,915</u>
Administrative Expenses		(2,828,402)	(2,426,338)
Other Operating Income		66,376	45,363
Operating Profit	2	<u>860,130</u>	<u>1,731,940</u>
Net Finance Costs	5	(40,166)	(44,189)
Profit on Ordinary Activities Before Taxation		<u>819,964</u>	<u>1,687,751</u>
Taxation	6	<u>(115,114)</u>	<u>(276,396)</u>
Profit on Ordinary Activities After Taxation for the Financial Year		<u>704,850</u>	<u>1,411,355</u>

Bardsley Construction Limited

Statement of Financial Position

At 31 December 2016

Company Registration No. 00800556

	<i>Notes</i>	2016 £	2015 £
Fixed Assets			
Tangible assets	8	40,229	58,043
Shared Equity Investments	9	135,800	200,301
		<u>176,029</u>	<u>258,344</u>
Current Assets			
Debtors	10	16,072,633	16,080,218
Cash at bank and in hand		6,434,901	6,838,331
		<u>22,507,534</u>	<u>22,918,549</u>
Creditors			
Amounts falling due within one year	11	(12,907,110)	(13,785,290)
Net Current Assets		<u>9,600,424</u>	<u>9,133,259</u>
Total Assets Less Current Liabilities		<u>9,776,453</u>	<u>9,391,603</u>
Capital and Reserves			
Called up equity share capital	18	240,000	240,000
Capital redemption reserve	18	10,000	10,000
Profit and loss account	18	9,526,453	9,141,603
Shareholder's Funds		<u>9,776,453</u>	<u>9,391,603</u>

These financial statements on pages 10 to 23 were approved by the directors, authorised for issue and are signed on their behalf by:

P. Strutt

P Strutt
Director

Date: 26 April 2017

Bardsley Construction Limited

Statement of Changes in Equity

At 31 December 2016

Company Registration No. 00800556

	Share Capital £	Capital Redemption £	Profit & Loss £	Total £
Balance at 1 January 2015	240,000	10,000	8,780,248	9,030,248
Profit for the year	-	-	1,411,355	1,411,355
Total comprehensive income for the year	-	-	1,411,355	1,411,355
Transactions with owners in their capacity as owners:				
Dividends	-	-	(1,050,000)	(1,050,000)
Total transactions with owners in their capacity as owners	-	-	(1,050,000)	(1,050,000)
Balance at 31 December 2015	<u>240,000</u>	<u>10,000</u>	<u>9,141,603</u>	<u>9,391,603</u>
Profit for the year	-	-	704,850	704,850
Total comprehensive income for the year	-	-	704,850	704,850
Transactions with owners in their capacity as owners:				
Dividends	-	-	(320,000)	(320,000)
Total transactions with owners in their capacity as owners	-	-	(320,000)	(320,000)
Balance at 31 December 2016	<u>240,000</u>	<u>10,000</u>	<u>9,526,453</u>	<u>9,776,453</u>

Bardsley Construction Limited

Accounting Policies

General information

Bardsley Construction Limited (“the Company”) is a limited company domiciled and incorporated in England.

The address of the Company’s registered office and place of business is Globe Square, Dukinfield, Cheshire, SK16 4RG.

The company’s principal activity is the provision of construction services.

Basis of accounting

These financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

Monetary amounts in the financial statements are rounded to the nearest whole £1, except where otherwise indicated.

Going Concern

For further details of the Director’s assessment of going concern, see Directors’ Report, page 2.

Reduced disclosures

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements;

- Section 4 ‘Statement of Financial Position’ – Reconciliation of the opening and closing number of shares
- Section 7 ‘Statement of Cash Flows’ – Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 33 ‘Related Party Disclosures’ – Compensation for key management personnel

The financial statements of the Company are consolidated in the financial statements of Bardsley Construction Holdings Limited. The consolidated financial statements of Bardsley Construction Holdings Limited are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

Turnover

Turnover represents the amount derived from the provision of goods and services which fall within the company’s principal activities and is stated exclusive of value added tax. All turnover is derived in the UK.

Amounts Recoverable on Contracts

Long term contracts are assessed on a contract by contract basis and reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Turnover is ascertained by computing the direct contract costs plus a reasonable proportion of contract overheads plus the attributable profit less any foreseeable losses.

Where it is considered that the outcome of a long term contract can be assessed with reasonable certainty before its conclusion, the attributable profit is recognised in the profit and loss account as the difference between the reported turnover and the related costs of that contract. As soon as it is anticipated that a contract will make a loss, the full amount of the loss is recognised.

Amounts recoverable on contracts represent an excess of the value of work carried out to date (which has been recorded as turnover) over cumulative payments on account.

Bardsley Construction Limited

Accounting Policies

Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost, net of depreciation. Depreciation is provided on all tangible fixed assets so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures & Fittings	-	15% on cost
Head Office Leasehold Improvements	-	15% on cost
Plant & Equipment	-	25% on cost
Computer Equipment	-	33% on cost
Vehicles	-	25% on cost

Tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable or as otherwise required by relevant accounting standards.

Shared Equity Investment

The shared equity relates to an investment in a number of properties sold, ranging from 15% to 25% of market value with security held as the second charge over the property. The shared equity is a long term investment to a maximum of 10 years. In line with the requirements of FRS102 shared equity investments are valued at fair value.

Operating Lease Agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Retirement Benefits

The contributions to the money purchase scheme are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Bardsley Construction Limited

Accounting Policies

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The holiday year for Bardsley Construction Limited ends at the reporting date and employees are not entitled to carry forward unused holiday.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Functional and presentational currencies

The financial statements are presented in sterling which is also the functional currency of the Company.

Financial instruments

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

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Trade debtors

Trade debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments 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.

Equity instruments

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Trade creditors

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Bardsley Construction Limited

Accounting Policies

Bank Overdrafts

Bank overdrafts are presented within creditors: amounts falling due within one year.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Dividends

Dividends are recognised as liabilities once they are no longer at the discretion of the Company.

Critical accounting estimates and areas of judgement

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Recoverability of trade debtors and amounts recoverable on contract

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract.

Revenue and profit recognition on contracts

Turnover is ascertained by computing the direct contract costs plus a reasonable proportion of contract overheads plus the attributable profit less any foreseeable losses.

Where it is considered that the outcome of a long term contract can be assessed with reasonable certainty before its conclusion, the attributable profit is recognised in the profit and loss account as the difference between the reported turnover and the related costs of that contract. As soon as it is anticipated that a contract will make a loss, the full amount of the loss is recognised.

Bardsley Construction Limited

Notes to the Financial Statements

For the year ended 31 December 2016

1 Turnover

The turnover and profit before tax are attributable to the principal activities of the company, which operates in the United Kingdom.

2 Operating Profit

Operating profit is stated after charging / (crediting):

	2016	2015
	£	£
Operating leases :		
Hire of vehicles, plant and machinery	65,712	55,444
Rental of land and buildings	152,986	146,000
Depreciation of owned fixed assets:		
Owned assets	27,129	27,743
Hire purchase assets	-	14,580
Auditor's remuneration:		
- statutory audit	37,000	37,750
- other services relating to taxation:		
- compliance services	6,200	6,150
- advisory services	10,350	6,800
- other services corporate advice	725	620
Loss on sale of shared equity	751	-
Profit on sale of fixed assets	(9,608)	-

3 Employees

Average number employed including executive directors:

	2016	2015
	No.	No.
Production	102	107
Management	43	44
Administration	32	29
	<u>177</u>	<u>180</u>

Aggregate payroll costs of the above were:

	2016	2015
	£	£
Staff costs including directors:		
Wages and salaries	6,205,568	6,200,511
Social security costs	656,649	659,236
Other pension costs	349,956	338,455
	<u>7,212,173</u>	<u>7,198,202</u>

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company and independently administered funds. The pension cost charge represents contributions payable by the company to the fund and amounted to £349,959 (2015: £338,455). No amounts were prepaid or accrued at the year end.

Bardsley Construction Limited

Notes to the Financial Statements

For the year ended 31 December 2016

4 Directors' Emoluments

	2016	2015
	£	£
Aggregate emoluments	656,948	648,054
Pension contributions	101,589	98,525
	<u>758,537</u>	<u>746,579</u>

Highest paid director:

	2016	2015
	£	£
Aggregate emoluments	160,687	152,754
Pension contributions	23,592	22,862
	<u>184,279</u>	<u>175,616</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2016	2015
	No.	No.
Money purchase schemes	<u>7</u>	<u>7</u>

5 Net Finance Costs

	2016	2015
	£	£
Cost of finance and bank charges	40,166	44,189
	<u>40,166</u>	<u>44,189</u>

Bardsley Construction Limited

Notes to the Financial Statements

For the year ended 31 December 2016

6 Taxation

(a) Analysis of charge in the period

	2016 £	2015 £
Current tax:		
In respect of the year:		
UK corporation tax at 20% (2015:20.25%)	105,228	270,064
Adjustments in respect of previous periods	1,796	-
Total current tax	<u>107,024</u>	<u>270,064</u>
Deferred taxation:		
Origination and reversal of timing differences	8,090	6,332
Total deferred tax	<u>8,090</u>	<u>6,332</u>
Tax on profit on ordinary activities	<u>115,114</u>	<u>276,396</u>

(b) Factors affecting current tax charge for period:

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 20% (2015: 20.25%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before taxation	<u>819,964</u>	<u>1,687,751</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015: 20.25%)	163,994	341,712
Effects of:		
Fixed asset differences	1,312	-
Expenses not deductible for tax purposes	7,693	3,597
Group relief claimed	(63,747)	(78,289)
Adjustments in respect of prior periods	1,796	-
Adjust opening/closing deferred tax to average rate	4,066	-
Deferred tax	-	9,376
Total tax (note 6(a))	<u>115,114</u>	<u>276,396</u>

7 Dividends

Equity dividends

	2016 £	2015 £
Paid during the year:		
Equity dividends ordinary shares	<u>320,000</u>	<u>1,050,000</u>
	<u>320,000</u>	<u>1,050,000</u>

Bardsley Construction Limited

Notes to the Financial Statements

For the year ended 31 December 2016

8 Tangible Fixed Assets

	Head Office Leasehold Improvements £	Plant & Equipment £	Computer Equipment £	Fixtures & Fittings £	Vehicles £	Total £
Cost						
At 31 December 2015	125,663	65,237	261,508	171,262	66,769	690,439
Additions	-	4,030	13,957	4,331	-	22,318
Disposals	-	-	-	-	(58,319)	(58,319)
At 31 December 2016	<u>125,663</u>	<u>69,267</u>	<u>275,465</u>	<u>175,593</u>	<u>8,450</u>	<u>654,438</u>
Depreciation						
At 31 December 2015	117,399	61,220	239,638	161,949	52,190	632,396
Charge for the year	3,219	2,484	16,694	3,156	1,576	27,129
Disposals	-	-	-	-	(45,316)	(45,316)
At 31 December 2016	<u>120,618</u>	<u>63,704</u>	<u>256,332</u>	<u>165,105</u>	<u>8,450</u>	<u>614,209</u>
Net book value						
At 31 December 2016	<u>5,045</u>	<u>5,563</u>	<u>19,133</u>	<u>10,488</u>	<u>-</u>	<u>40,229</u>
At 31 December 2015	<u>8,264</u>	<u>4,017</u>	<u>21,870</u>	<u>9,313</u>	<u>14,579</u>	<u>58,043</u>

9 Shared Equity Investments

	2016 £	2015 £
At 1 January 2016	200,301	200,301
Disposals	(64,501)	-
At 31 December 2016	<u>135,800</u>	<u>200,301</u>

The directors consider cost to equate to fair value in relation to shared equity investments.

10 Debtors

	2016 £	2015 £
Trade debtors	12,906	40,082
Amounts owed by group undertakings	10,527,510	10,535,781
Amounts recoverable on contracts	3,964,099	3,907,956
Other debtors	1,268,883	1,200,990
Prepayments and accrued income	223,271	311,355
Deferred tax asset (see note 15)	75,964	84,054
	<u>16,072,633</u>	<u>16,080,218</u>

As at 31 December 2016, included within amounts recoverable on contracts is £719,752 (2015: £540,573) due in retentions to be invoiced after 1 year.

Bardsley Construction Limited

Notes to the Financial Statements

For the year ended 31 December 2016

11 Creditors: Amounts falling due within one year

	2016	2015
	£	£
Payments received on account	464,550	861,651
Trade creditors	10,235,253	10,567,090
Amounts owed to group undertakings	2,577	1,057
Corporation tax	48,852	112,230
Other taxation and social security	328,583	234,719
Other creditors	38,957	35,979
Accruals and deferred income	1,788,338	1,972,564
	<u>12,907,110</u>	<u>13,785,290</u>

Bardsley Construction Limited has a £2.0m overdraft facility in place until July 2017. Interest is charged at the base rate plus 3.5%. In addition, the parent company has a bank loan of £0.8m. The loan will be repaid in one instalment on 24 July 2018. Interest is charged at LIBOR plus 5% payable quarterly in arrears and interest is capitalised at 5% payable on loan repayment. These facilities are secured through a fixed and floating charge on the Company's and Group's assets.

12 Contingent Liabilities

Bardsley Construction Limited has a contingent liability of £0.8m, in respect of intragroup bank guarantees as at 31 December 2016 (2015: £0.8m).

13 Financial Instruments

The carrying amount of the Company's financial instruments at 31 December 2016 were:

	2016	2015
	£	£
Financial assets:		
Debt instruments measured at amortised cost	15,773,398	15,684,809
Cash at bank and in hand	6,434,901	6,838,331
Total	<u>22,208,299</u>	<u>22,523,140</u>
Financial liabilities		
Measured at amortised cost:	12,065,125	12,576,690
Total	<u>12,065,125</u>	<u>12,576,690</u>

14 Related Party Transactions

The company has taken advantage of the exemption in FRS 102 do not disclose transactions with fellow group members that are wholly owned.

Mr R Horvath is a director of the parent company and is also a partner of Feldbourne, during the year the company paid £99,870 (2015: £62,153) in respect of consultancy services.

Bardsley Construction Limited

Notes to the Financial Statements

For the year ended 31 December 2016

15 Deferred Taxation

The movement in the deferred taxation provision during the year was:

	2016	2015
	£	£
Asset at beginning of the year	(84,054)	(90,386)
Profit and loss account movement arising during the year	8,090	6,332
Asset at end of year	<u>(75,964)</u>	<u>(84,054)</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2016	2015
	£	£
Fixed asset timing differences	5,643	2,354
Short term timing differences	(81,607)	(86,408)
	<u>(75,964)</u>	<u>(84,054)</u>

The Directors consider that sufficient profits will be generated in future periods to ensure the company is able to recover the value of its deferred tax asset in full.

The main rate of corporation tax reduces from 20% to 19% from 1 April 2017 and to 17% from 1 April 2020.

16 Ultimate Parent Company

100% of the share capital of the company is owned by Bardsley Construction Holdings Limited, a company incorporated in England. Group accounts for this company can be obtained from Companies House.

The smallest group of which Bardsley Construction Limited is a member and which group accounts are drawn up is Bardsley Construction Holdings Limited. The largest group which Bardsley Construction Limited is a member and which group accounts are drawn up is Project Gabriel Limited.

17 Ultimate Controlling Party

The ultimate controlling party is R Bardsley by virtue of his shareholding in the ultimate parent company.

Bardsley Construction Limited

Notes to the Financial Statements

For the year ended 31 December 2016

18 Share Capital and Reserves

	2016	2015
Authorised: 240,000 Ordinary shares of £1 each	<u>240,000</u>	<u>240,000</u>
	2016	2015
	£	£
Allotted, called up and fully paid: 240,000 Ordinary shares of £1 each	<u>240,000</u>	<u>240,000</u>

Reserves

Reserves of the Company represent the following:

Capital redemption reserve

The nominal value of shares repurchased and still held at the end of the reporting period.

Retained earnings

Cumulative profits and losses, net of distributions to owners.

19 Commitments under Operating Leases

The total future minimum payments under non-cancellable operating leases are as follows:

	2016	2015
	£	£
Vehicles, plant and machinery:		
Amounts due:		
within 1 year	50,537	55,593
between 2 and 5 years	<u>36,839</u>	<u>52,931</u>
	<u>87,376</u>	<u>108,524</u>
Land & buildings:		
Amounts due:		
within 1 year	82,315	146,000
between 2 and 5 years	595,644	194,667
expiring greater than 5 years	<u>9,200</u>	<u>-</u>
	<u>687,159</u>	<u>340,667</u>