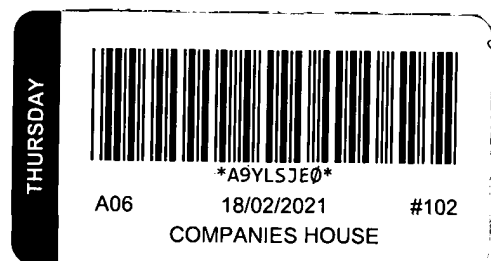


Company registration number: 00260559

F. B. ELLMER LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020



F. B. ELLMER LIMITED

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F. B. ELLMER LIMITED

DIRECTORS AND OTHER INFORMATION

Directors	Michael Byrne Paul Foley Trevor Dillon (appointed on 10 February 2020) Navaratnam Vanithasan Stephen Fuller (appointed on 1 January 2020) Paul Reeves (resigned on 15 May 2020)
Secretary	Navaratnam Vanithasan
Company number	00260559
Registered office	53 Great Suffolk Street London SE1 0DB
Independent auditors	BDO LLP 2 City Place, Beehive Ring Road Gatwick RH6 0PA

F. B. ELLMER LIMITED
STRATEGIC REPORT
YEAR ENDED 30 JUNE 2020

Introduction

The directors' present their Strategic report for the year ended 30 June 2020.

Review of business and future prospects

The business has had another profitable year with increased turnover of £84 million (2019 : £77m) and an EBITDA of £0.8m (2019 : £1.7m).

Completed projects, predominantly in the heart of London, included the refurbishment of the 180 room Kingsway Hall Hotel in Covent Garden (£39m), the development of 26 luxury apartments and Spa at Mayfair Park Residences (£57m), the commercial offering refurbishing 5 floors and adding a further 3 floors to the Hickman in Whitechapel (£26m) and several high end residential apartments at 20 Grosvenor Square (£28m).

Impact of Covid-19

The short-term impact on turnover was less than expected due to the decision to keep the majority of the sites open, however a loss in productivity of approximately 50% has certainly negatively impacted profitability.

The main anticipated medium-term impact is likely to be delays to and cancellation of new projects, resulting in reduced turnover in the year ahead, which we are countering by reducing staff and overheads. There is likely to be a lot of re-purposing of commercial and retail space which may create opportunities, especially with our ability to deliver flexible fit-out options, particularly the DfMA / MMC in-house offerings.

Long-term impact is very difficult to predict, but there may be potential increased opportunities as the backlog of delayed projects releases, with potential private sector growth off the back of the anticipated Government infrastructure spend.

Going concern

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual report and financial statements. Further details regarding the adoption of the going concern basis can be found in note 3 to the accounts.

Forward look

Looking ahead, continued profitability is expected, albeit muted by a decreased forecast turnover due to the impact of the Covid-19 outbreak. The reduced secured order book includes the fit-out of further high end residential apartments at Grosvenor Square (£3m), the completion of the Poppy factory refurbishment (£3m), the off-site modular construction of the washrooms for Google's new offices in Kings Cross (£8m), the fit out of 21 luxury residential apartments at the Peninsula in Belgravia (£34m), and a pre-construction services agreement (PCSA) for the 194 room Marylebone Lane Hotel. Unsecured work is boosted by a promising pipeline, but in a post Covid world, timelines are extremely uncertain, and many projects are likely to be delayed.

The London and South East construction market continues to offer reasonable opportunities to the business, even in the face of uncertain times ahead, due to our flexibility of being able to do principal contract work (including design and build), trade contract work, and provide an MMC / DfMA offering seemingly being increasingly sought after in the fast changing construction environment.

F. B. ELLMER LIMITED

STRATEGIC REPORT (CONTINUED) YEAR ENDED 30 JUNE 2020

The key financial highlights are as follows:

	Year to 30/06/20	Year to 30/06/19
Turnover (£ '000)	84,111	77,307
Turnover growth (%)	8.8%	17.8%
EBITDA (£ '000)	790	1,674
Profit before tax (£ '000)	407	1,553
Cash at bank (£m)	9.0	13.1

Principal risks and uncertainties

The company has an established framework of policies and procedures that are designed with the objective of minimising avoidable risks to the business.

Health and safety continues to be a key focus of risk management for the business. There are comprehensive Health and Safety policies and procedures in place. During the year there was only one reportable RIDDOR incident, which related to a subcontractor. At Ellmer we strive for zero accidents but where they do occur, we ensure that any learning is shared within the business.

The company will continue to tightly manage its cash flows through robust commercial administration to ensure we receive fair entitlement for the work we carry out in a timely manner. In addition, we will continue to bid for new work where the margin is commensurate with the risk.

Financial risk management and policies

The company's principal financial assets are bank balances and cash, and trade and other receivables. The company's credit risk is primarily in relation to trade receivables.

Management of liquidity risk is achieved by close monitoring of cash flow, by matching payables and receivables within contractual obligations and robust commercial administration of our contracts. The financial strength of customers is assessed prior to entering into a contract and is regularly reviewed together with exposure during the course of the contract.

Research and development

Ellmer remain committed to the continuous development of our methods, systems and processes through our research and development programmes, which focus on providing robust and deliverable solutions that create significant benefits for our clients in terms of safety, time, cost and quality.

Vision and values

Our 'vision' is focused on Safety, People, Delivery, Relationships and Innovation. We are committed to working tirelessly for the health, Safety and wellbeing of our colleagues and those around us. We want the People who work with us, our clients, delivery partners and colleagues, to be part of our team, not just for one project but for life.

We want to build success based upon customer satisfaction, collaboration, value for money and reliable Delivery. We believe in customer service and in creating long lasting, trusting Relationships. We provide the resources and environments, for learning and creativity, to assist everyone to achieve the highest standards of performance and to inspire Innovation.

All of the above harmonises with our core values, which are Safety, Integrity and Respect.

F. B. ELLMER LIMITED

STRATEGIC REPORT (CONTINUED) YEAR ENDED 30 JUNE 2020

Health, safety and environment

Health, Safety and Welfare at work is a core business value. Our certified OHSAS 18001 management system provides us with the platform to deliver legal compliance and best practice across all our activities. As part of our drive for continual improvement, the monitoring and analysis of accidents, incidents, near misses and hazard identification continues to inform the business about trends. This allows us to develop and implement avoidance measures/controls to ensure that the accident/incident rate remains low, especially in comparison to the national construction average.

We believe that all accidents and injuries are preventable, and we continue to drive a culture where safety is an integral part of every business decision. We are determined that our performance on health and safety should be one that can be admired.

A strong culture of transparency and trust has been established in which all our workforce can feel comfortable about speaking and reporting any issues that concern them. Hazard identification and reporting is key within our targets to prevent near misses and accidents happening in the first place.

The Group has a well-trained and experienced Occupational Health, Safety and Environmental (OHSE) team managed by the OHSE Group Director, thus providing a consistent approach and enabling cross company learning. The OHSE team continues to deliver the Group's Incident and Injury Free behavioural programme, 'The Byrne Way', across the whole business.

The business recognises the environmental implications of its operations and is committed to reducing its environmental impact. We are continually developing our certified ISO 14001 system and have achieved notable improvements within the fields of waste management, energy efficiency and the decarbonisation of key construction processes. We strive to improve our future performance by embracing innovation to further streamline our methods, toward the aspiration of truly lean construction.

Quality management

The business continues to be certified to ISO 9001 with our systems and procedures being continually reviewed to enable us to implement change both through forward planning and a historic review process, involving feedback from clients and our workforce. We strive for 'right first time' but recognise that sometimes things don't go to plan. Our quality culture promotes stopping if something isn't right, and fosters integrity and transparency in addressing quality issues. For us, quality management is a continually evolving process enabling us to repeatedly meet our clients' and stakeholders' needs as well as delivering value through all aspects of our work.

We are committed to maintaining the highest standards of delivery across the areas of health, safety, quality and environmental management.

Stakeholders

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interest of stakeholders in their decision making. The Directors continue to have regard to the interests of the Company's employees and other stakeholders, including the impact of its activities on the community, the environment and the Company's reputation, when making decisions. Acting in good faith and fairly, the Directors consider what is most likely to promote the success of the company for its members in the long term. We explain in this annual report, and below, how the Board engages with stakeholders.

F. B. ELLMER LIMITED

STRATEGIC REPORT (CONTINUED) YEAR ENDED 30 JUNE 2020

Customers

The Company understands that customers are central to the success of the business and the directors aim to ensure our business is adaptable and innovative to ensure customer satisfaction.

The Directors engage with customers via contract review, customer visits and customer feedback and look to make decisions to support the stakeholder's requirement and requests. During the year, key contract tenders have been signed with the directors being involved from initiation to the final sign off. This ensures that the directors are aware of the customers wants and look to make every effort to accommodate customer requirements.

Supply Chain

The directors external supply chain and partners are vital to our performance. With regular engagement with suppliers the Directors aim to build strong trusting relationships which can be mutually beneficial.

The Company continues to invest in its procurement department aiming to strengthen its engagements with suppliers in the form of regular reviews, query resolution and contract management. Currently the level of engagement is strong with key suppliers and the future is to widen that level of engagement further in the supply chain.

People

Ellmer is fully committed to the elimination of unlawful and unfair discrimination, and values the difference a diverse workforce brings. The business has a positive attitude in respect of equality and diversity, and extends this to all employees, as well as other stakeholders.

The business continues in its ambition to remain an employer of choice and to that end we continually invest in our people to guarantee industry leading performance and high levels of staff motivation and satisfaction. Our people have made a vital contribution to the performance, culture and health and safety achievements of the past year.

We provide education and training opportunities, both for experienced long-term workers and for our young employees. It is important to us that our people have the skills they require to do the job safely and to deliver a high standard of quality, confidently and effectively, and for our young people to feel that we consider them as being part of our future. The mixture of experience and fresh eyes provides a level of confidence and ability that reflects positively on our business.

Employment of disabled persons

The Company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retaining of employees who become disabled whilst employed by the Company. Particular attention is given to training, career development and promotion of disabled employees with a view to encouraging them to play an active role in development of the Company.

Employee involvement

During the year, the policy of providing employees with information about the business has been continued through our internal newsletter and face-to-face briefings in which employees have been encouraged to present their suggestions and views for improving the business' performance.

F. B. ELLMER LIMITED

**STRATEGIC REPORT (CONTINUED)
YEAR ENDED 30 JUNE 2020**

Training and development

We continue with our commitment to encourage our people to be involved in the improvement of our processes and promotion of efficiency. A structure that allows an employee to follow a career path is vital in the retention of staff, and this in turn adds confidence to clients that the people they deal with are committed for the long term to meet their expectations.

We deliver a range of training/upskilling opportunities to our whole workforce such as NVQ's, Leadership and Management training and Advanced Health & Safety and Environmental training. We have a training centre in Mitcham, which facilitates a large number of training courses held throughout the year; it is also a Construction Plant Competence Scheme (CPCS) accredited training centre and we have our own in-house trainer qualified to deliver a range of CPCS courses.

Corporate social responsibility

Our Corporate Social Responsibility policy is aligned with our vision and core values and demonstrates the acknowledgement of our role in the environments and communities in which we work. This year we were delighted with one of our projects winning a Considerate Constructors Scheme 'Certificate of Excellence' Award.

We have both initiated and participated in training and education schemes, and communication and awareness campaigns, to help develop the employability and skills of young people seeking a career in construction, especially those from under-represented groups.

We are proud to maintain support for, and be linked with, charities, initiatives and organisations such as the Construction Youth Trust, the Royal British Legion and WISE (campaign for gender balance in Science, Technology and Engineering). During the year, we also became an Employer Alliance Member at the Westminster University Technical College.

This report was approved by the board of directors on 9 September 2020 and signed on behalf of the board by:



Michael Byrne
Director

F. B. ELLMER LIMITED
DIRECTORS' REPORT
YEAR ENDED 30 JUNE 2020

The directors present their report and the audited financial statements of the company for the year ended 30 June 2020.

Directors

The directors who served during the year and up to the date of signing the financial statements were:

Michael Byrne
Paul Foley
Trevor Dillon (appointed on 10 February 2020)
Navaratnam Vanithasan
Stephen Fuller (appointed on 1 January 2020)
Paul Reeves (resigned on 15 May 2020)

Results and dividends

The Company's profit for the financial year is £322,572 (2019 : £1,195,704). Particulars of recommended dividends are detailed in note 12 to the financial statements.

Financial instruments

The Group's operations expose it to a variety of financial risks including the effects of changes in interest rates on debt, liquidity risk and credit risk. The Company's principal financial instruments comprise sterling cash and bank deposits, together with trade debtors and trade creditors that arise directly from its operations.

Principal activity

The Company's principal activity during the financial year is that of new build, refurbishment and fit-out contractors.

Disclosure of information in the strategic report

The Company has chosen in accordance with section 414C(11) Companies Act 2006 to set out in the Company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the Directors' Report. It has done so in respect of future developments, principal risks and uncertainties and research and development.

F. B. ELLMER LIMITED

**DIRECTORS' REPORT (CONTINUED)
YEAR ENDED 30 JUNE 2020**

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 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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 of disclosure of information to auditors

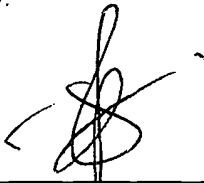
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that 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.

Independent auditors

The auditors, BDO LLP, who were appointed in the year, have indicated their willingness to continue in office, and a resolution that they be reappointed will be proposed at the annual general meeting.

This report was approved by the board of directors on 9 September 2020 and signed on behalf of the board by:



Trevor Dillon
Director

F. B. ELLMER LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF F. B. ELLMER LIMITED

Opinion

We have audited the financial statements of F. B. Ellmer Limited ("the Company") for the year ended 30 June 2020 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- . give a true and fair view of the state of the Company's affairs as at 30 June 2020 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

F. B. ELLMER LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF F. B. ELLMER LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and 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 and 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, 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.

Auditor's responsibilities for the audit of the financial statements

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

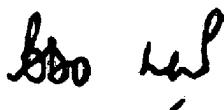
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:
<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

F. B. ELLMER LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF F. B. ELLMER LIMITED

Use of our report

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



John Everingham (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick, UK

9 September 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

F. B. ELLMER LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 30 JUNE 2020**

	Note	2020 £	2019 £
Turnover	5	84,110,733	77,306,666
Cost of sales		(80,142,972)	(72,229,908)
Gross profit		<u>3,967,761</u>	<u>5,076,758</u>
Administrative expenses		(3,371,133)	(3,421,836)
Other operating income	6	193,598	-
Operating profit	7	<u>790,226</u>	<u>1,654,922</u>
Exceptional costs	7	(413,569)	(121,096)
Interest receivable and similar income	10	30,225	19,645
Profit before taxation		<u>406,882</u>	<u>1,553,471</u>
Tax on profit	11	(84,310)	(357,767)
Profit for the financial year		<u><u>322,572</u></u>	<u><u>1,195,704</u></u>

All the activities of the company are from continuing operations.

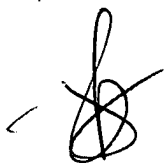
The notes on pages 17 to 28 form part of these financial statements.

F. B. ELLMER LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020**

	Note	2020 £	2019 £
Current assets			
Debtors	14	11,785,096	10,288,484
Cash at bank and in hand		8,961,906	13,147,744
		<u>20,747,002</u>	<u>23,436,228</u>
Creditors: amounts falling due within one year	15	(18,301,069)	(21,312,867)
Net current assets		2,445,933	2,123,361
Net assets		<u>2,445,933</u>	<u>2,123,361</u>
Capital and reserves			
Called up share capital	18	4,000	4,000
Profit and loss account		2,441,933	2,119,361
Total equity		<u>2,445,933</u>	<u>2,123,361</u>

These financial statements were approved by the board of directors and authorised for issue on 9 September 2020, and are signed on behalf of the board by:



Trevor Dillon
Director

Company registration number: 00260559

The notes on pages 17 to 28 form part of these financial statements.

F. B. ELLMER LIMITED

**STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 30 JUNE 2020**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 July 2018	4,000	1,323,657	1,327,657
Profit for the financial year	-	1,195,704	1,195,704
Dividends paid		(400,000)	(400,000)
At 30 June 2019 and 1 July 2019	4,000	2,119,361	2,123,361
Profit for the financial year	-	322,572	322,572
At 30 June 2020	4,000	2,441,933	2,445,933

The notes on pages 17 to 28 form part of these financial statements.

F. B. ELLMER LIMITED
STATEMENT OF CASH FLOWS
YEAR ENDED 30 JUNE 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Cash (used in) / generated from operations	19	(4,186,063)	8,763,359
Interest received		30,225	19,645
Tax paid		(30,000)	-
Net cash (used in) / from operating activities		<u>(4,185,838)</u>	<u>8,783,004</u>
Cash flows from investing activities			
Proceeds from sale of tangible assets		-	8,500
Net cash generated from investing activities		<u>-</u>	<u>8,500</u>
Cash flows from financing activities			
Equity dividends paid	12	-	(400,000)
Net cash used in financing activities		<u>-</u>	<u>(400,000)</u>
Net (decrease) / increase in cash and cash equivalents		(4,185,838)	8,391,504
Cash and cash equivalents at the beginning of the year		13,147,744	4,756,240
Cash and cash equivalents at the end of the year		<u>8,961,906</u>	<u>13,147,744</u>

The notes on pages 17 to 28 form part of these financial statements.

F. B. ELLMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2020

1. General information

The Company's principal activity during the financial year was that of new build, refurbishment and fit-out contractors. The Company is a private Company limited by shares and is incorporated and domiciled in the UK under the Companies Act 2006. The address of its registered office is 53 Great Suffolk Street, London, SE1 0DB.

2. Statement of compliance

The financial statements of F.B. Ellmer Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Accounting policies

Basis of preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. The Company has adopted FRS 102 in these financial statements. The financial statements have been prepared under the historical cost convention unless otherwise specified.

These financial statements are prepared on a going concern basis, under the historical cost convention. The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

The presentational and functional currency of the Company is pound sterling (GBP).

Going concern

The Company has considerable financial resources supported by a strong order book and the directors believe that the Company is well placed to manage the principal risks and uncertainties set out in the Strategic Report.

The Company had a very strong cash position throughout the financial year. At the year end the cash balance was £8.9m (2019: £13.1m). The Board considers the financial resilience of the Company on a monthly basis by reviewing budgets, revenue forecasts and rolling cash flow forecasts. In addition to this, the Company has stress tested the forecasts and cash flows to determine financial resilience throughout the year to be able to continue trading as a going concern. We anticipate that many of our core markets, particularly in the commercial development sector in London will be affected by a global downturn in demand associated with a post-pandemic increase in remote working and cautious investment. We are therefore implementing a strategy of market diversification to mitigate the impact of the downturn and are looking to secure opportunities in our other, more resilient sectors.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual report and financial statements.

F. B. ELLMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 30 JUNE 2020

Impact of Covid-19

The short-term impact on turnover was less than expected due to the decision to keep the majority of the sites open, however a loss in productivity of approximately 50% has certainly negatively impacted profitability.

The main anticipated medium-term impact is likely to be delays to and cancellation of new projects, resulting in reduced turnover in the year ahead, which we are countering by reducing staff and overheads. There is likely to be a lot of re-purposing of commercial and retail space which may create opportunities, especially with our ability to deliver flexible fit-out options, particularly the DfMA / MMC in-house offerings.

Long-term impact is very difficult to predict, but there may be potential increased opportunities as the backlog of delayed projects releases, with potential private sector growth off the back of the anticipated Government infrastructure spend.

Exemptions for qualifying entities under FRS 102

The Company has taken advantage of the following disclosure exemptions of FRS 102, section 1 paragraphs:

- 1.12 (a) reconciliation of the number of shares outstanding at the beginning and end of the prior year
- 1.12 (c) financial instruments as information is included in the consolidated financial statements
- 1.12 (e) key management compensation in total

Revenue

Turnover comprises revenue recognised in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Turnover from long term contractual arrangements is recognised on an individual contract basis based on the level of work performed, as estimated by the percentage of costs incurred against total forecast cost, taking into account expected contract profitability. This method relies on estimates of total expected contract turnover and costs, as well as reliable measurement of the progress made towards completion. Claims are included in contract turnover only when negotiations have reached an advanced stage such that it is probable that the client would accept the item.

Where the outcome of a contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. Where the outcome of a contract cannot be estimated reliably, revenue is only recognised to the extent that it is probable that it will be recoverable. Profit is only recognised on a construction contract when the final outcome can be assessed with reasonable certainty.

Recognised turnover and profits are subject to revisions during the contract if the assumptions regarding the overall contract outcome are changed. The cumulative impact of a revision in estimates is recorded in the period in which such revisions become likely and can be estimated. Where the actual and estimated costs to completion exceed the estimated turnover for a contract, the full contract life loss is recognised immediately.

Exceptional items

Exceptional items are disclosed separately in the financial statements in order to provide further understanding of the financial performance of the entity. They are material items of income or expense that have been shown separately because of their nature or amount.

F. B. ELLMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 JUNE 2020

Government grants

Government grants are recognised at fair value when there is reasonable assurance that the company will comply with the conditions attached to them and the grants will be received.

Pensions

The Company operates a defined contribution pension scheme for employees. The annual contributions payable are charged to the Statement of comprehensive income.

Employee benefits

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

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in equity. In this case tax is also recognised in equity. Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior period. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

F. B. ELLMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 30 JUNE 2020

Tangible 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.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation

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 within 'other operating income' in the Statement of Comprehensive Income.

Repairs, maintenance and minor inspection costs are expensed as incurred.

Fittings fixtures and equipment	- 15%	straight line
Motor vehicles	- 25%	straight line

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of tangible assets, the depreciation is revised prospectively to reflect the new estimates.

Impairment

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

When it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Long term contracts

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after specific provisions for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Turnover and related costs are recorded as contract activity progresses. Excess progress payments are included in creditors as payments received on account. An appropriate proportion of the anticipated contract profit is recognised reflecting the work carried out to the balance sheet date and when the final outcome is reasonably certain.

F. B. ELLMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 JUNE 2020

4. Key judgements and estimates uncertainty

The estimates and assumptions that have the most significant impact on the carrying value of assets and liabilities of the Company within the next financial year are detailed as follows:

a) Contract judgements

Management's best estimate of the likely outcome of disputed amounts, legal cases and claims has been reflected in the recognition of revenues and costs of contract but the actual future outcome may be different.

Turnover and margin recognition - The Company's turnover recognition and margin recognition policies are central to how the company values the revenue and costs in each financial year. These policies require forecasts to be made of the outcomes of long-term contracts, which require assessments and judgements to be made on the costs to complete the project. Changes in the forecast as a result of changes in work scope, contract programmers, defects and maintenances liabilities impact the margin to be recognised.

b) Taxation

The Company is subject to tax and an estimate is required in determining the provision for income taxes including the recognition of deferred tax assets. The Company provides for future liabilities in respect of uncertain tax positions where additional tax may become payable in future periods and such provisions are based upon management's assessment of exposures. Assets are only recognised where it is reasonably certain additional tax will become payable in future periods and when the asset can be utilised.

5. Turnover

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

6. Other operating income

	2020	2019
	£	£
Government grant income	<u>193,598</u>	<u>-</u>

F. B. ELLMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 30 JUNE 2020

Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the assets' original effective interest rate. The impairment loss is recognised in the statement of comprehensive income. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in statement of comprehensive income.

Financial assets are derecognised when (i) the contractual rights to the cash flows from the asset expire or are settled, or (ii) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (iii) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Related party transactions

The Company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned. The Company has taken advantage of the disclosure exemption.

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.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits with banks.

F. B. ELLMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 JUNE 2020

7. Operating profit

Operating profit is stated after charging / (crediting):

	2020	2019
	£	£
Depreciation of tangible fixed assets	-	19,281
Profit on disposal of fixed assets	-	(2,936)
Auditors' remuneration - as auditor	35,000	42,500
	<u>35,000</u>	<u>42,500</u>

	2020	2019
	£	£
Exceptional costs		
Restructuring costs	413,569	121,096
	<u>413,569</u>	<u>121,096</u>

8. Staff costs

The average monthly number of persons (including executive directors) employed by the company during the year was:

	2020	2019
	Number	Number
Direct labour	13	15
Administrative and technical	78	75
	<u>91</u>	<u>90</u>

The aggregate payroll costs incurred during the year were:

	2020	2019
	£	£
Wages and salaries	6,729,219	7,462,075
Social security costs	817,344	843,370
Cost of defined pension contribution scheme	246,280	187,656
	<u>7,792,843</u>	<u>8,493,101</u>

F. B. ELLMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 JUNE 2020

9. Directors' remuneration

The directors' emoluments were as follows:

	2020	2019
	£	£
Remuneration	456,882	310,329
Cost of defined pension contribution scheme	11,536	3,790
	<u>468,418</u>	<u>314,119</u>

The number of directors who accrued benefits under company pension plans

	2020	2019
	Number	Number
Defined contribution plans	<u>2</u>	<u>1</u>

Remuneration of the highest paid directors in respect of qualifying services:

	2020	2019
	£	£
Aggregate remuneration	305,469	183,900
Cost of defined pension contribution scheme	5,094	1,236
	<u>310,563</u>	<u>185,136</u>

10. Interest receivable and similar income

	2020	2019
	£	£
Bank interest	<u>30,225</u>	<u>19,645</u>

F. B. ELLMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 JUNE 2020

11. Tax on profit

	2020	2019
	£	£
Current tax:		
UK current tax expense	69,168	-
Deferred tax:		
Origination and reversal of timing differences	15,142	357,767
Tax on profit	<u>84,310</u>	<u>357,767</u>

Reconciliation of tax expense

The tax assessed on the profit for the year is higher than (2019: higher than) the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%).

	2020	2019
	£	£
Profit before taxation	406,882	1,553,471
Profit multiplied by rate of tax	77,308	295,159
Expenses not deductible for tax purposes	7,077	6,174
Capital allowances for the year in excess of depreciation	(15,217)	(15,082)
Utilisation of tax losses	-	(275,930)
Group relief	-	(10,321)
Deferred tax on accelerated capital allowances	15,142	15,640
Deferred tax on tax losses	-	342,127
Tax charge on profit	<u>84,310</u>	<u>357,767</u>

12. Dividends

	2020	2019
	£	£
Dividends on equity shares paid during the year	-	400,000

F. B. ELLMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 JUNE 2020

13. Tangible assets

	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost			
At 1 July 2019	371,868	86,700	458,568
Disposals	-	(15,895)	(15,895)
At 30 June 2020	<u>371,868</u>	<u>70,805</u>	<u>442,673</u>
Accumulated depreciation			
At 1 July 2019	371,868	86,700	458,568
Disposals	-	(15,895)	(15,895)
At 30 June 2020	<u>371,868</u>	<u>70,805</u>	<u>442,673</u>
Carrying amount			
At 30 June 2020	<u>-</u>	<u>-</u>	<u>-</u>
At 30 June 2019	<u>-</u>	<u>-</u>	<u>-</u>

14. Debtors

	2020 £	2019 £
Amounts recoverable on long term contracts	9,241,287	9,824,506
Amounts owed by group undertakings	652,345	-
Deferred tax asset (note 16)	78,757	93,899
Other debtors	105,186	111,580
VAT repayable	1,174,504	-
Prepayments and accrued income	533,017	258,499
	<u>11,785,096</u>	<u>10,288,484</u>

The debtors above include the following amounts falling due after more than one year:

	2020 £	2019 £
Amounts recoverable on long term contracts	<u>2,681,753</u>	<u>2,364,520</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

F. B. ELLMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 JUNE 2020

15. Creditors: amounts falling due within one year

	2020	2019
	£	£
Payments received on account	578,198	1,964,307
Trade creditors	16,678,215	17,767,075
Amounts owed to group undertakings	-	100,000
Corporation tax	39,168	-
Taxation and social security	213,351	610,394
Other creditors	120,111	126,450
Accruals and deferred income	672,026	744,641
	<u>18,301,069</u>	<u>21,312,867</u>

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand.

16. Deferred tax

The deferred tax included in the Balance sheet is as follows:

	2020	2019
	£	£
Included in debtors (note 14)	<u>78,757</u>	<u>93,899</u>
	£	£
At 1 July 2019	93,899	451,666
Profit and loss account movement during the year	<u>(15,142)</u>	<u>(357,767)</u>
At 30 June 2020	<u>78,757</u>	<u>93,899</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2020	2019
	£	£
Accelerated capital allowances	<u>78,757</u>	<u>93,899</u>

17. Pension commitments

The Company operates defined contribution pension schemes. The assets of the pension schemes are held separately from those of the Company in funds under the control of the pension providers. The pension cost charge represents contributions payable by the Company to the fund and amounted to £246,280 (2019: £187,656).

Contributions of £616 (2019: £680) were payable to the fund at the balance sheet date.

F. B. ELLMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 JUNE 2020

18. Share capital and reserves

Issued, called up and fully paid

	2020		2019	
	No	£	No	£
Ordinary shares of £ 1.00 each	4,000	4,000	4,000	4,000

Called up share capital reserve represents the nominal value of the shares issued.

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

19. Cash generated from operations

	2020	2019
	£	£
Cash flows from operating activities		
Profit for the financial year	322,572	1,195,704
Depreciation of tangible assets	-	19,281
Interest receivable and similar income	(30,225)	(19,645)
Profit on disposal of tangible assets	-	(2,936)
Tax on profit	84,310	357,767
<i>Changes in:</i>		
Trade and other receivables	(1,511,754)	(876,851)
Trade and other payables	(3,050,966)	8,090,039
Cash (used in) / generated from operations	(4,186,063)	8,763,359

20. Guarantees and other financial commitments

The Company has, in the normal course of business, given unlimited guarantees to support the bank facilities of the Group.

There were no capital commitments either authorised or contracted for at the balance sheet date.

21. Related party transactions

The Company has taken advantage of the exemption under paragraph 33.1A from the provisions of FRS 102, not to disclose transaction entered and outstanding balances between two or more members of a group, on the grounds that at 30 June 2020 it was a wholly owned subsidiary undertaking of the group to which it is party to the transactions.

22. Parent company and ultimate parent undertaking

The immediate parent company is Byrne Group Limited and the ultimate parent company undertaking is Wilson Bayly Holmes-Ovcon Limited, a company registered in South Africa (Registration number - 1982/011014/06).