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CONLON CONSTRUCTION LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

Registered number 00708997

For the year ended 30 April 2016

Conlon

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Conlon Construction Limited

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Conlon Construction Limited

Company Information

DIRECTORS	Maureen Boland
	Michael G Conlon
	Guy E Parker
	Andrew Makinson (Appointed 1 May 2015)
	Darren S Lee (Appointed 1 May 2015)
	Nadine L A Ng (Appointed 1 February 2016)
SECRETARY	Nadine L A Ng
REGISTERED OFFICE	Charnley Fold Lane
	Bamber Bridge
	Preston
	PR5 6BE
REGISTERED NUMBER	00708997 (England & Wales)
AUDITOR	Moore and Smalley LLP
	Richard House
	Winckley Square
	Preston
	PR1 3HP

Conlon Construction Limited

Strategic Report

The Conlon Construction board presents its strategic report and the audited financial statements for the year ended 30 April 2016.

REVIEW OF THE BUSINESS

The directors are delighted to report that the Company had an exceptional year with turnover at £53.9m (2015: £42.3m) an increase year on year of 27.4%. The order book for the year ahead also looks promising with the prospect of turnover in the region of £50.0m.

Net profit before tax rose to £1.52m (2015: £0.45m). This success can be attributed to:

- Carefully nurtured partnerships with clients
- Selective competitive tendering with an increased emphasis on client relationships
- Improved customer satisfaction
- Increased level of employee engagement

At the year end the sole property within the company was externally revalued with an increase in market value of £0.18m to £0.665m.

The directors are also pleased to report that the Company's net assets have grown to £4.71m (2015: £4.31m) including distributable profits of £4.30m (2015: £4.07m). In addition, current assets exceed current liabilities by £2.66m (2015: £2.41m). Included within current assets was cash at bank totalling £4.28m (2015: £3.19m), with net cash inflow from operating activities increasing by £1.65m to £2.13m.

FORWARD PLANS

The directors are focused on procuring work mainly through framework activity. This strategy has served the company well so far and further framework opportunities will continue to be actively pursued as the preferred procurement method. There has also been a marked trend towards design and build in terms of the frameworks in which we now operate. The directors are ensuring that the management of this type of work is appropriately resourced and that further increases in turnover will always be managed to the standards expected both by clients and ourselves. Opportunities have arisen in the private health sector that have enabled the company to undertake larger projects with more in the pipeline. The directors' preferred platform for growth is to engineer an increase in the average size of the projects we undertake. This has been achieved over many years and continues to underpin our growth strategy. The average project size this year was £4.15m (2015: £3.27m). The value of the largest project undertaken by the company grew to £14.0m (2015: £8.4m).

We continue to demonstrate our aptitude for framework projects in several ways:

STRATEGIES

'Responsible Construction 2020' – spearheading our approach to responsible construction, procurement and carbon management. This also engages our key supply chain members who are signing up to the 'Sustainability Supply Chain School'.

Our 'Social Responsibility' and 'Health and Safety' strategies developed this year focus on occupational health and wellbeing of our employees, supply chain members and the communities in which we work. We continue to develop our vision and values with supply chain partners through joint business improvement events.

Conlon Construction Limited

Strategic Report

RE-ACCREDITATIONS

Conlon was re-accredited as an Investor in People in February 2016 and is among the first construction companies in the country to be assessed against the new, Sixth Generation Standard. The company is delighted to have achieved a "Silver" award which will be in place until 2019.

Our annual re-accreditation for CHAS (Construction Health & Safety Scheme) took place in December 2015.

AWARDS

2015 'BIBAs' Construction Business of the year (second year running); a third ROSPA Gold Award for health and safety in the workplace; two National Considerate Constructors' awards. Our average Considerate Constructor Scheme Score for the year was 76.82% compared to an industry average of 71.22%.

PRINCIPAL RISKS AND UNCERTAINTIES

The company embodies a 'risk aware' strategy to its activities. This strategy continues to help the company steer clear of projects with the potential to place serious financial strain on the balance sheet. In particular, risks to the following two aspects of our main business activity are managed as follows:

BIDDING

The company bids selectively for a large number of contracts between £500k and £15m. Each potential project is carefully appraised by senior commercial staff in accordance with our Quality Management Systems. Projects are assessed for risk, particularly in terms of design, buildability and programme; as well as checks on both client and supply chain credit ratings, as appropriate. Projects which are taken through to full estimate are placed before our tender review panel prior to final submission.

DELIVERY

Project delivery is managed through the infrastructure of Construction Operations. Each project is managed using approved procedures including regular and frequent reviews of build progress, cost control, supply chain management and client satisfaction, against a background of rigorous health and safety compliance. Any issues affecting project delivery are continuously monitored so that any operational or commercial matters can be addressed in a timely and efficient manner.

Conlon Construction Limited**Strategic Report****KEY PERFORMANCE INDICATORS**

Key Performance Indicators are measured on an annual basis via a "Customer Satisfaction - Analysis of Performance Questionnaire". This process forms part of the respective BS EN ISO 9001:2008 system in place. Clients and/or End Users are asked to score the Conlon Construction business on 13 indicators, including Customer Satisfaction with the Product, Service, the Time it has taken to complete the works, Communication, Environment, Health & Safety, Project Team staff and After Care service. In the 2015/16 year, the business achieved an average score of 9.04 out of 10 compared to an industry average score of 8 out of 10. Any scores or client feedback that require improvement feature as agenda items at our regular Business Improvement days and in this way we seek to continuously improve performance and service.

Our Customer commitment remains at the heart of everything we do. Our staff and valued supply chain continue to nurture these business relationships enhancing our reputation and core values within the industry.

On behalf of the board:



Michael Conlon

Chairman

DATE: 8th July 2016



Conlon Construction Limited

Report of the Directors

Year ended 30 April 2016

The directors present their annual report and financial statements for the year ended 30 April 2016.

PRINCIPAL ACTIVITIES

The principal activities of the Company in the year under review were those of construction and property development.

DIRECTORS

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Maureen Boland	
Michael G Conlon	
Guy E Parker	
Andrew Makinson	Appointed 1 May 2015
Darren S Lee	Appointed 1 May 2015
Nadine L A Ng	Appointed 1 February 2016

RESULTS AND DIVIDENDS

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £1,000,000.

FINANCIAL INSTRUMENTS

The company finances its operations through a mixture of retained profits and where necessary to fund expansion or capital expenditure programmes, through bank borrowings.

The directors' objectives are to:

- Retain sufficient liquid funds to enable the company to meeting its day to day obligations as they fall due whilst maximising returns on surplus funds;
- Minimise the company's exposure to fluctuating interest rates when seeing new borrowings; and
- Match the repayment schedule of any external borrowings or overdrafts with the expected future cash flows expected to arise from the company's trading activities.

Hedge accounting is not used by the company.

Where appropriate funds are invested in short term variable rate deposit bank accounts, as well as instant access call accounts. The directors believe that this gives them the flexibility to release cash resources at short notice and also allows them to take advantage of changing conditions in the finance markets as they arise. All deposits are with UK institutions.

AUDITOR

Moore and Smalley LLP were appointed auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Conlon Construction Limited

Report of the Directors

Year ended 30 April 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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 these financial statements, the directors are required to:

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

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

STATEMENT OF DISCLOSURE TO AUDITOR

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

INFORMATION REFERRED TO IN THE STRATEGIC REPORT

The company has chosen in accordance with section 414C(1) Companies Act 2006 to set out in the company's Strategic Report information required by Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch 7 to be contained in the Directors' Report. It has done so in respect of future developments.

ON BEHALF OF THE BOARD



MICHAEL CONLON
DIRECTOR

DATE: 8 JULY 2016

Independent Auditor's Report to the Members of Conlon Construction Limited

We have audited the financial statements of Conlon Construction Limited for the year ended 30 April 2016 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. 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 Financial Reporting Standard 102.

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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

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. 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 Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 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.

OPINION ON OTHER MATTERS 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.

Independent Auditor's Report to the Members of Conlon Construction Limited

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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.

The logo for Conlon, featuring the word "Conlon" in a bold, sans-serif font above a stylized horizontal line.

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Christine Wilson (Senior Statutory Auditor)
for and on behalf of Moore and Smalley LLP
Chartered Accountants
Statutory Auditor

Richard House
9 Winckley Square
Preston
PR1 3HP

22 August 2016

Conlon Construction Limited

Profit and Loss Account for the Year Ended 30 April 2016

	<i>Note</i>	2016 £'000	2015 £'000
TURNOVER	3	53,867	42,269
Cost of sales		(48,585)	(38,410)
GROSS PROFIT		5,282	3,859
Administrative expenses		(3,880)	(3,440)
Other operating income		22	26
OPERATING PROFIT	4	1,424	445
Interest receivable and similar income	7	99	10
PROFIT BEFORE TAXATION		1,523	455
Taxation	8	(307)	(125)
PROFIT FOR THE FINANCIAL YEAR		1,216	330

The profit and loss account has been prepared on the basis that all operations are continuing.

Statement of Comprehensive Income

For the Year Ended 30 April 2016

	2016 £'000	2015 £'000
PROFIT FOR THE YEAR	1,216	330
OTHER COMPREHENSIVE INCOME		
Revaluation of tangible fixed assets	181	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,397	330



Conlon Construction Limited
Balance sheet as at 30 April 2016

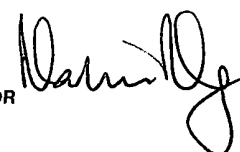
	Note	2016 £'000	2016 £'000	2015 £'000	2015 £'000
FIXED ASSETS					
Tangible assets	10		876		738
Investments	11		1,196		1,196
CURRENT ASSETS			2,072		1,934
Stocks	13	2,018		1,608	
Debtors falling due after one year	14	789		1,180	
Debtors falling due within one year	14	8,901		7,163	
Cash at bank and in hand		4,280		3,188	
		15,988		13,139	
CREDITORS: Amounts falling due within one year	15	(13,329)		(10,725)	
NET CURRENT ASSETS			2,659		2,414
TOTAL ASSETS LESS CURRENT LIABILITIES			4,731		4,348
PROVISIONS FOR LIABILITIES	16		(22)		(36)
NET ASSETS			4,709		4,312
CAPITAL AND RESERVES					
Called up share capital	19		10		10
Revaluation reserve			400		228
Profit and loss account			4,299		4,074
TOTAL EQUITY			4,709		4,312

The financial statements were approved by the board of directors and authorised for issue on 8 July 2016 and signed on behalf by:

GUY PARKER - DIRECTOR



NADINE NG - DIRECTOR



Registered number: 00708997

Conlon Construction Limited
Statement of Changes in Equity For the Year Ended 30 April
2016

	Notes	Share capital £'000	Revaluation reserve £'000	Profit and loss reserves £'000	Total £'000
BALANCE AT 1 MAY 2014		10	231	4,041	4,282
PERIOD ENDED 30 APRIL 2015:					
Profit and total comprehensive income for the year		-	-	330	330
Dividends	9	-	-	(300)	(300)
Transfers		-	(3)	3	-
BALANCE AT 30 APRIL 2015		10	228	4,074	4,312
PERIOD ENDED 30 APRIL 2016:					
Profit for the year		-	-	1,216	1,216
Other comprehensive income:					
Revaluation of tangible fixed assets		-	181	-	181
Total comprehensive income for the year		-	181	1,216	1,397
Dividends	9	-	-	(1,000)	(1,000)
Transfers		-	(9)	9	-
BALANCE AT 30 APRIL 2016		10	400	4,299	4,709



Conlon Construction Limited

Statement of Cash Flows

	Notes	2016 £'000	2015 £'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	24	2,222	605
Income taxes paid		(89)	(121)
NET CASH INFLOW FROM OPERATING ACTIVITIES		2,133	484
INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(140)	(107)
Proceeds on disposal of tangible fixed assets		-	1
Purchase of fixed asset investments		-	(1,196)
Interest received		99	10
NET CASH USED IN INVESTING ACTIVITIES		(41)	(1,292)
FINANCING ACTIVITIES			
Dividends paid		(1,000)	(300)
NET CASH USED IN FINANCING ACTIVITIES		(1,000)	(300)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,092	(1,108)
Cash and cash equivalents at beginning of year		3,188	4,296
Cash and cash equivalents at end of year		4,280	3,188

Conlon Construction Limited

Notes to the Financial Statements

1 ACCOUNTING POLICIES

COMPANY INFORMATION

Conlon Construction Limited is a company limited by shares incorporated in England and Wales. The registered office is Charnley Fold Lane, Bamber Bridge, Preston, PR5 6BE.

ACCOUNTING CONVENTION

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.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared on the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These financial statements for the year ended 30 April 2016 are the first financial statements of Conlon Construction Limited prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 May 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

GOING CONCERN

At the time of approving the financial statements and after making reference to financial projections, the directors have a reasonable expectation that the company has adequate cash resources to continue in operational existence for the foreseeable future, meeting all liabilities as they fall due for payment. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

TURNOVER

Turnover comprises the value of work performed, goods sold and services provided excluding Value Added Tax.

Amounts in respect of contracts included in turnover, net of payments received on account, are shown in debtors as gross amounts due from contract customers. Cash received in excess of the value of work done is shown in creditors as payments on account.

An appropriate proportion of the anticipated contract profit is recognised in the profit and loss account based on the stage of completion of the work and the expected end of life outcome. Provision is made for anticipated contract losses as soon as they are foreseen.

All other operating income is recognised only when the company becomes eligible to recognise it, being when due service has been delivered or upon cash receipt.

Conlon Construction Limited

Notes to the Financial Statements

1 ACCOUNTING POLICIES (CONTINUED)

TANGIBLE FIXED ASSETS

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	Over 50 years
Plant and machinery	6.67% to 15% per annum on cost
Fixtures, fittings and equipment	10% to 15% per annum on cost
Computer equipment	33% per annum on cost
Motor vehicles	20% per annum on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

FIXED ASSET INVESTMENTS

Company equity investments are initially stated at cost less any impairment in value. This is due to the equity instruments in question not being publically traded and as a consequence whose fair value cannot be reliably measured.

IMPAIRMENT OF FIXED ASSETS

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

STOCKS

Development land is valued at the lower of cost and net realisable value after making due allowance for impairment.

Work in progress is valued at the lower of cost and net realisable value, after making due allowance for impairment. Cost includes all direct expenditure incurred along with an appropriate proportion of overheads.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

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 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when it becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Conlon Construction Limited

Notes to the Financial Statements

1 ACCOUNTING POLICIES (CONTINUED)

BASIC FINANCIAL ASSETS

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

OTHER FINANCIAL ASSETS

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

IMPAIRMENT OF FINANCIAL ASSETS

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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 asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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 profit or loss.

DERECOGNITION OF FINANCIAL ASSETS

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, 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.

Conlon Construction Limited

Notes to the Financial Statements

1 ACCOUNTING POLICIES (CONTINUED)

CLASSIFICATION OF FINANCIAL LIABILITIES

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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 payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

OTHER FINANCIAL LIABILITIES

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

DERECOGNITION OF FINANCIAL LIABILITIES

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

EQUITY INSTRUMENTS

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

TAXATION

The tax expense represents the sum of the tax currently payable and deferred tax.

CURRENT TAX

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Conlon Construction Limited

Notes to the Financial Statements

1 ACCOUNTING POLICIES (CONTINUED)

DEFERRED TAX

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

EMPLOYEE BENEFITS

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

RETIREMENT BENEFITS

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

LEASES

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Conlon Construction Limited

Notes to the Financial Statements

2 JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

CRITICAL JUDGEMENTS AND AREAS OF ESTIMATION UNCERTAINTY

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

VALUATION OF FREEHOLD LAND AND BUILDINGS

The narrative within the accounting policy relating to tangible fixed assets, along with note 10 to the financial statements, provide further information in this area. The company engage the services of a suitably qualified external Surveyor to offer a considered opinion as to the valuation of this asset. The directors consider that this reduces the estimation uncertainty to an acceptable level.

RECOGNITION OF CONTRACT REVENUE AND PROFIT

This is a natural area of estimation uncertainty given the industry in which the company operates. The narrative within the accounting policy concerning turnover provides further information.

The company uses suitably qualified Quantity Surveyors to assess the level of work done, associated revenue and thus profit recognition. These assessments are then reviewed by the company's finance team, providing an additional level of internal assurance that reduces the estimation uncertainty to an appropriate level.

3 TURNOVER AND OTHER REVENUE

An analysis of the company's turnover is as follows:

	2016 £'000	2015 £'000
Turnover		
Attributable to the company's continuing principal activities	53,867	42,269
<hr/>		
Other significant revenue		
Interest income	99	10
<hr/>		
Turnover analysed by geographical market		
United Kingdom	53,867	42,269

Conlon Construction Limited

Notes to the Financial Statements

4 OPERATING PROFIT

	2016 £'000	2015 £'000
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditors for the audit of the company's financial statements	16	18
Depreciation of owned tangible fixed assets	72	78
Loss/(profit) on disposal of tangible fixed assets	109	(1)
Cost of stocks and similar	44,312	34,704

5 EMPLOYEES

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

	2016 Number	2015 Number
Site employees	38	44
Administration employees	49	49
	87	93

Their aggregate remuneration comprised:	2016 £'000	2015 £'000
Wages and salaries	3,706	3,270
Social security costs	433	378
Pension costs	407	414

Conlon Construction Limited
Notes to the Financial Statements

6 DIRECTORS' EMOLUMENTS

	2016 £'000	2015 £'000
Remuneration for qualifying services	545	297
Company pension contributions to defined contribution schemes	153	210
	698	507

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 6 (2015: 4)

Emoluments disclosed above include the following amounts paid to the highest paid director

Remuneration for qualifying services	108	63
Company pension contributions to defined contribution schemes	44	87

7 INTEREST RECEIVABLE AND SIMILAR INCOME

	2016 £'000	2015 £'000
Interest income		
Interest on bank deposits	9	10
Other interest income	90	-
	99	10

Investment income includes the following:

Interest on financial assets not measured at fair value through profit and loss	9	10
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Conlon Construction Limited

Notes to the Financial Statements

8 TAXATION

	2016 £'000	2015 £'000
Current tax		
UK corporation tax on profits for the current period	320	89
Deferred tax		
Origination and reversal of timing differences	(8)	36
Changes in tax rates	(5)	-
Total deferred tax	(13)	36
Total tax charge	307	125
The charge for the year can be reconciled to the profit and loss account as follows:		
Profit before taxation	1,523	455
Expected tax charge based on the standard rates of corporation tax in the UK at 20.00% (2015: 21.00%)	305	96
Tax effect of expenses that are not deductible in determining taxable profits	4	3
Depreciation on assets not qualifying for tax allowances	3	-
Deferred tax adjustments in respect of prior years	(5)	-
Tax at marginal rate	-	1
Depreciation in excess of/(less than) capital allowances	8	(11)
Deferred tax adjustment in respect of current year	(8)	36
Tax expense for the year	307	125

Conlon Construction Limited
Notes to the Financial Statements

9 DIVIDENDS

	2016 £'000	2015 £'000
Paid on ordinary shares	1,000	300
	1,000	300

10 TANGIBLE FIXED ASSETS

	Freehold land & buildings £'000	Plant & machinery £'000	Fixtures, fittings & equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation						
At 1 May 2015	500	325	126	444	60	1,455
Additions	27	1	22	89	-	139
Disposals	-	(251)	(14)	(74)	-	(339)
Revaluation	138	-	-	-	-	138
At 30 April 2016	665	75	134	459	60	1,393
Depreciation and impairment						
At 1 May 2015	29	190	120	341	37	717
Depreciation charged in the year	14	4	6	39	9	72
Eliminated in respect of disposals	-	(141)	(14)	(74)	-	(229)
Revaluation	(43)	-	-	-	-	(43)
At 30 April 2016	-	53	112	306	46	517
Carrying amount						
At 30 April 2016	665	22	22	153	14	876
At 30 April 2015	471	135	6	103	23	738

Conlon Construction Limited

Notes to the Financial Statements

10 TANGIBLE FIXED ASSETS *(continued)*

Included in freehold land and buildings is land valued at £140,000 (2015: £140,000) which is not depreciated.

Land and buildings with a carrying amount of £665,000 were revalued at 30 April 2016 by Parker and Company Chartered Surveyors, independent valuers not connected with the company, on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2016 £'000	2015 £'000
Cost	347	320
Accumulated depreciation	84	77
Carrying value	263	243

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11 FIXED ASSET INVESTMENTS

	2016 £'000	2015 £'000
Unlisted investments	496	496
Loan notes	700	700
	1,196	1,196

The cost of investments comprises a 3.1% equity stake in One Ashford Health Care Limited and a loan note provided to the same company. The loan note returns interest of 10% per annum, compounded if relevant, with the principal and any outstanding interest being fully repayable by January 2017.

Conlon Construction Limited
Notes to the Financial Statements

11 FIXED ASSET INVESTMENTS *(continued)*

MOVEMENT IN FIXED ASSET INVESTMENTS

	Loan notes £'000	Unlisted investments £'000	Total £'000
Cost or valuation			
At 1 May 2015 & 30 April 2016	700	496	1,196
Carrying amount			
At 30 April 2016	700	496	1,196
At 30 April 2015	700	496	1,196

12 FINANCIAL INSTRUMENTS

	2016 £'000	2015 £'000
Carrying amount of financial assets		
Debt instruments measured at amortised cost	2,231	3,105
Equity instruments measured at cost less impairment	496	496
Carrying amount of financial liabilities		
Measured at amortised cost	8,373	8,304

Conlon Construction Limited

Notes to the Financial Statements

13 STOCKS

	2016 £'000	2015 £'000
Materials and property	848	848
Development work in progress	800	487
Contract work in progress	370	273
	2,018	1,608



14 DEBTORS

	2016 £'000	2015 £'000
Amounts falling due within one year:		
Trade debtors	786	1,276
Gross amounts due from contract customers	6,937	5,036
Amounts due from fellow group undertakings	244	188
Other debtors	656	458
Prepayments and accrued income	278	205
	8,901	7,163

Amounts falling due after one year:

Gross amounts due from contract customers	289	245
Amounts due from fellow group undertakings	500	935
	789	1,180

Total Debtors	9,690	8,343
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Conlon Construction Limited
Notes to the Financial Statements

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £'000	2015 £'000
Trade creditors	7,538	8,035
Amounts due to fellow group undertakings	268	21
Corporation tax	320	89
Other taxation and social security	196	112
Other creditors	51	47
Accruals and deferred income	4,956	2,421
	13,329	10,725

16 PROVISIONS FOR LIABILITIES

	Notes	2016 £'000	2015 £'000
Deferred tax liabilities	17	22	36
		22	36

Conlon Construction Limited

Notes to the Financial Statements

17 DEFERRED TAXATION

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so.

The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2016 £'000	Liabilities 2015 £'000
Balances:		
Accelerated capital allowances	26	40
Other short term timing differences	(4)	(4)
	22	36
		2016 £'000
Movements in the year:		
Liability at 1 May 2015		36
Credit to profit and loss		(8)
Effect on change in tax rate – profit and loss		(6)
		22
Liability at 30 April 2016		22

The deferred tax liability set out above is expected to reverse in the main within 12 months and relates to accelerated capital allowances and the opposite effect of short term timing differences that are expected to mature and offset each other within the same period.

Conlon Construction Limited

Notes to the Financial Statements

18 RETIREMENT BENEFIT SCHEMES

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit and loss in respect of defined contribution schemes was £345,813 (2015: £414,419). Outstanding contributions of £27,585 (2015: £24,210) at the year end are included within other creditors.

19 SHARE CAPITAL

	2016 £'000	2015 £'000
Ordinary share capital		
Issued and fully paid		
10,000 Ordinary shares of £1 each	10	10

20 CONTINGENCIES

Since March 2007, the company is party to an inter-company bank guarantee between itself and Conlon Holdings Limited. At the balance sheet date Conlon Holdings Limited had outstanding mortgage balances with the bank totalling £212,500 (2015: £441,034).

There is no security over the company's assets as part of this guarantee.

21 RELATED PARTY TRANSACTIONS

The remuneration of key management personnel, who are also the directors, is detailed in note 6.

No guarantees have been given or received.

The company has taken advantage of FRS102, section 33, in not disclosing transactions with other group companies as it is a wholly owned subsidiary of its parent company, who prepares consolidated financial statements.

22 DIRECTOR'S TRANSACTIONS

At the year end, directors of the company had received advances as follows, £435 (2015: £Nil) Michael Conlon, £513 (2015: £40) Maureen Boland and £30 (2015: £Nil) Andrew Makinson.

All advances are repayable on demand and no interest was levied on them.

Conlon Construction Limited

Notes to the Financial Statements

23 CONTROLLING PARTY

The directors consider the ultimate parent company to be Conlon Holdings Limited, a company incorporated in England and Wales, which is the only undertaking that prepares group financial statements including those of this company.

Copies of the group financial statements of Conlon Holdings can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

24 CASH GENERATED FROM OPERATIONS

	2016 £'000	2015 £'000
Profit for the year after tax	1,216	330
Adjustment for:		
Taxation charged	307	125
Investment income	(99)	(10)
Loss/(gain) on disposal of tangible fixed assets	109	(1)
Depreciation and impairment of tangible fixed assets	72	80
Movements in working capital:		
(Increase)/decrease in stocks	(410)	247
(Increase)/decrease in debtors	(1,144)	4,653
Increase/(decrease) in creditors	2,171	(4,819)
	2,222	605



