

Company Registration No. 00708997 (England and Wales)

# CONLON CONSTRUCTION LIMITED

## ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2017

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20/01/2018

#267

COMPANIES HOUSE



Chartered  
Building  
Company



INVESTORS  
IN PEOPLE

Silver  
Award 2009



# CONLON CONSTRUCTION LIMITED

## COMPANY INFORMATION

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**Directors**

Mrs M Boland  
Mr M G Conlon  
Mr G E Parker  
Mr A Makinson  
Mr D S Lee  
Ms N L A Ng

**Secretary**

Ms N L A Ng

**Company number**

00708997

**Registered office**

Charnley Fold Lane  
Bamber Bridge  
Preston  
PR5 6BE

**Auditor**

Moore and Smalley LLP  
Richard House  
9 Winckley Square  
Preston  
PR1 3HP

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# CONLON CONSTRUCTION LIMITED

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# CONLON CONSTRUCTION LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 30 APRIL 2017

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

#### Review of the business

The directors are pleased to report that the Company had a good year with turnover at £46.3m (2016: £53.9m). 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 was lower than last year at £1.13m (2016: £1.52m) due to lower turnover.

The directors also report that the Company's net assets have grown to £5.07m (2016: £4.71m) including distributable profits of £4.67m (2016: £4.30m). Fixed assets have increased by £2.4m to £4.5m and current assets exceed current liabilities by £0.59m (2016: £2.66m). Included within current assets was cash at bank totalling £6.33m (2016: £4.28m), with net cash inflow from operating activities increasing by £2.97m to £5.10m.

#### Forward plans

The directors are focused on continuing the policy to procure work where possible via 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. The trend towards design and build continues in the frameworks in which we 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 which arose in the private health sector have enabled the company to undertake additional large value projects with others to follow. The directors' preferred platform for growth remains to pursue an incremental increase in the average size of the projects we undertake. This has been achieved continuously over many years and continues to underpin our growth strategy. The average project size this year was £5.31m (2016: £4.15m). The value of the largest project undertaken by the company grew to £16.0m (2016: £14.0m).

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

#### Strategies

- 'Responsible Construction 2020' – guides our approach to responsible construction, procurement and carbon management. This policy is also used to engage our key supply chain members who are signing up to the 'Sustainability Supply Chain School'.
- Our 'Social Responsibility' and 'Health and Safety' strategies have been developed during the last two years. These focus on the 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. This collective work with our supply chain includes several charities and community programmes that are benefitting from our long-term links.

#### Re-accreditations

- Our annual re-accreditation for CHAS (Construction Health & Safety Scheme) took place in December 2016.

#### Awards

- A fourth ROSPA Gold Award in a row for health and safety in the workplace; four National Considerate Constructors' awards, 3 silver and 1 bronze. Our average Considerate Constructor Scheme Score for the year was 38.36 compared to an industry average of 35.31.

# CONLON CONSTRUCTION LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

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### Principal risks and uncertainties

The company embodies a 'risk aware' strategy to its activities. This strategy continues to help the company avoid those 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 £16m. 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.

### 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 our BS EN ISO 9001:2008 accredited management system. Clients and/or End Users are asked to score the Conlon Construction business on 18 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 2016/17 year, the business achieved an average score of 9.02 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. As a result, we are continuously improving our 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 core values and reputation within the industry.

On behalf of the board



Mr M G Conlon

Director

3/8/2017

# CONLON CONSTRUCTION LIMITED

## DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2017

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The directors present their annual report and financial statements for the year ended 30 April 2017.

### 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:

Mrs M Boland  
Mr M G Conlon  
Mr G E Parker  
Mr A Makinson  
Mr D S Lee  
Ms N L A Ng

### Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £650,000. The directors do not recommend payment of a final dividend.

### Financial instruments

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

The directors' objectives are to:

- Retain sufficient liquid funds to enable the company to meet 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

The auditor, Moore and Smalley LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

### Information referred to in the Strategic Report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) 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.

## CONLON CONSTRUCTION LIMITED

### DIRECTORS' REPORT (CONTINUED)

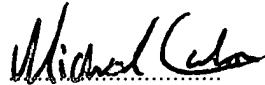
FOR THE YEAR ENDED 30 APRIL 2017

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#### 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 auditor is 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 auditor is aware of that information.

On behalf of the board



Mr M G Conlon

Director

3/8/2017

# **CONLON CONSTRUCTION LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

**FOR THE YEAR ENDED 30 APRIL 2017**

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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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.



# **CONLON CONSTRUCTION LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF CONLON CONSTRUCTION LIMITED**

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We have audited the financial statements of Conlon Construction Limited for the year ended 30 April 2017 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

# CONLON CONSTRUCTION LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF CONLON CONSTRUCTION LIMITED

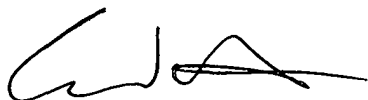
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#### **Matters on which we are required to report by exception**

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 the Directors' Report.

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

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



**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

7 August 2017

# CONLON CONSTRUCTION LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 APRIL 2017

	Notes	2017 £'000	2016 £'000
Turnover	3	46,271	53,867
Cost of sales		(41,446)	(48,585)
<b>Gross profit</b>		<b>4,825</b>	<b>5,282</b>
Administrative expenses		(3,901)	(3,880)
Other operating income		84	22
<b>Operating profit</b>	4	<b>1,008</b>	<b>1,424</b>
Interest receivable and similar income	8	121	99
Interest payable and similar expenses	9	(4)	-
<b>Profit before taxation</b>		<b>1,125</b>	<b>1,523</b>
Taxation	10	(111)	(307)
<b>Profit for the financial year</b>		<b>1,014</b>	<b>1,216</b>

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

# CONLON CONSTRUCTION LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 APRIL 2017

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	<b>2017</b> <b>£'000</b>	<b>2016</b> <b>£'000</b>
<b>Profit for the year</b>	1,014	1,216
<b>Other comprehensive income</b>		
Revaluation of tangible fixed assets	-	181
<b>Total comprehensive income for the year</b>	<u>1,014</u>	<u>1,397</u>


# CONLON CONSTRUCTION LIMITED

## BALANCE SHEET

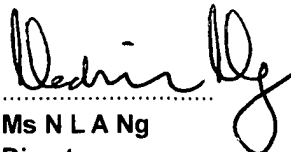
AS AT 30 APRIL 2017

	Notes	2017 £'000	2016 £'000
<b>Fixed assets</b>			
Tangible assets	12	915	876
Investments	13	3,596	1,196
		<u>4,511</u>	<u>2,072</u>
<b>Current assets</b>			
Stocks	14	1,039	2,018
Debtors falling due after one year	16	1,538	789
Debtors falling due within one year	16	9,354	8,901
Cash at bank and in hand		6,325	4,280
		<u>18,256</u>	<u>15,988</u>
<b>Creditors: amounts falling due within one year</b>	17	<u>(17,662)</u>	<u>(13,329)</u>
<b>Net current assets</b>		<u>594</u>	<u>2,659</u>
<b>Total assets less current liabilities</b>		<u>5,105</u>	<u>4,731</u>
<b>Provisions for liabilities</b>	18	<u>(32)</u>	<u>(22)</u>
<b>Net assets</b>		<u><u>5,073</u></u>	<u><u>4,709</u></u>
<b>Capital and reserves</b>			
Called up share capital	21	10	10
Revaluation reserve		390	400
Profit and loss reserves		4,673	4,299
<b>Total equity</b>		<u><u>5,073</u></u>	<u><u>4,709</u></u>

The financial statements were approved by the board of directors and authorised for issue on 3/8/2017 and are signed on its behalf by:



Mr G E Parker  
Director



Ms N L A Ng  
Director

Company Registration No. 00708997

# CONLON CONSTRUCTION LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2017

		Share capital	Revaluation reserve	Profit and loss reserves	Total
	Notes	£'000	£'000	£'000	£'000
<b>Balance at 1 May 2015</b>		10	227	4,075	4,312
<b>Year ended 30 April 2016:</b>					
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	11	-	-	(1,000)	(1,000)
Transfers		-	(8)	8	-
<b>Balance at 30 April 2016</b>		10	400	4,299	4,709
<b>Year ended 30 April 2017:</b>					
Profit and total comprehensive income for the year		-	-	1,014	1,014
Dividends	11	-	-	(650)	(650)
Transfers		-	(10)	10	-
<b>Balance at 30 April 2017</b>		10	390	4,673	5,073

# CONLON CONSTRUCTION LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2017

		2017	2016
	Notes	£'000	£'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	27	5,527	2,222
Interest paid		(4)	-
Income taxes paid		(419)	(90)
<b>Net cash inflow from operating activities</b>		5,104	2,132
<b>Investing activities</b>			
Purchase of tangible fixed assets		(130)	(140)
Investment in fixed asset investments		(2,400)	-
Interest received		121	99
<b>Net cash used in investing activities</b>		(2,409)	(41)
<b>Financing activities</b>			
Dividends paid		(650)	(1,000)
<b>Net cash used in financing activities</b>		(650)	(1,000)
<b>Net increase in cash and cash equivalents</b>		2,045	1,091
Cash and cash equivalents at beginning of year		4,280	3,189
<b>Cash and cash equivalents at end of year</b>		6,325	4,280

# CONLON CONSTRUCTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2017

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### 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.

#### 1.1 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 and group. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties. The principal accounting policies adopted are set out below.

#### 1.2 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.

#### 1.3 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.

#### 1.4 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



# CONLON CONSTRUCTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

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### 1 Accounting policies

(Continued)

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 credited or charged to profit or loss.

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.

#### 1.5 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.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.6 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.

#### 1.7 Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

Where the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as expenses in the period in which they are incurred and contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable.

# CONLON CONSTRUCTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

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### 1 Accounting policies

(Continued)

The "percentage of completion method" is used to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. These costs are presented as stocks, prepayments or other assets depending on their nature, and provided it is probable they will be recovered.

#### 1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.9 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.

##### *Basic financial assets*

Basic financial assets, which include debtors 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. Financial assets classified as receivable within one year are not amortised.

##### *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 publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### *Impairment of financial assets*

Financial assets 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.

# CONLON CONSTRUCTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

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### 1 Accounting policies

(Continued)

#### ***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.

#### ***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***

Basic financial liabilities, including creditors and loans from fellow group companies 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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. Amounts 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### ***Other financial liabilities***

All of the company's financial liabilities are basic financial instruments.

#### ***Derecognition of financial liabilities***

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

### 1.10 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.

### 1.11 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 (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

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### 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.

#### **1.12 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.

#### **1.13 Retirement benefits**

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

#### **1.14 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 (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

### 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**

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 notes 1.4 and 12 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 notes 1.3 and 1.7 to the financial statements 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.

#### **Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### **Provision for irrecoverable trade debtors**

At each balance sheet date, management undertake a review of the outstanding trade debtor balances and estimate the balance that should either be impaired or provided against.

This calculation is based on the financial position of the customers, the historical speed of payment and any ongoing discussions.

### 3 Turnover and other revenue

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

	2017 £'000	2016 £'000
<b>Turnover</b>		
Attributable to the construction contract revenue	46,271	53,867

# CONLON CONSTRUCTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

<b>3 Turnover and other revenue</b>		<b>(Continued)</b>	
<b>Other significant revenue</b>			
Interest income		121	99
		<u>          </u>	<u>          </u>
<b>Turnover analysed by geographical market</b>			
		<b>2017</b>	<b>2016</b>
		<b>£'000</b>	<b>£'000</b>
United Kingdom		46,271	53,867
		<u>          </u>	<u>          </u>
<b>4 Operating profit</b>			
		<b>2017</b>	<b>2016</b>
		<b>£'000</b>	<b>£'000</b>
Operating profit for the year is stated after charging/(crediting):			
Depreciation of owned tangible fixed assets		92	72
(Profit)/loss on disposal of tangible fixed assets		-	109
Cost of stocks and similar recognised as an expense		37,926	44,377
		<u>          </u>	<u>          </u>
<b>5 Auditor's remuneration</b>			
		<b>2017</b>	<b>2016</b>
		<b>£'000</b>	<b>£'000</b>
Fees payable to the company's auditor and associates:			
<b>For audit services</b>			
Audit of the financial statements of the company		16	16
		<u>          </u>	<u>          </u>
<b>For other services</b>			
Taxation compliance services		2	2
		<u>          </u>	<u>          </u>
<b>6 Employees</b>			
The average monthly number of persons (including directors) employed by the company during the year was:			
		<b>2017</b>	<b>2016</b>
		<b>Number</b>	<b>Number</b>
Site employees		35	38
Administration employees		53	49
		<u>          </u>	<u>          </u>
		88	87
		<u>          </u>	<u>          </u>

# CONLON CONSTRUCTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

### 6 Employees (Continued)

Their aggregate remuneration comprised:

	2017 £'000	2016 £'000
Wages and salaries	3,621	3,721
Social security costs	405	419
Pension costs	457	407
	<u>4,483</u>	<u>4,547</u>

### 7 Directors' emoluments

	2017 £'000	2016 £'000
Remuneration for qualifying services	581	545
Company pension contributions to defined contribution schemes	220	153
	<u>801</u>	<u>698</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 6 (2016 - 6).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2017 £'000	2016 £'000
Remuneration for qualifying services	95	108
Company pension contributions to defined contribution schemes	52	44
	<u></u>	<u></u>

### 8 Interest receivable and similar income

	2017 £'000	2016 £'000
<b>Interest income</b>		
Interest on bank deposits	5	9
Other interest income	116	90
	<u>121</u>	<u>99</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>121</u>	<u>99</u>
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# CONLON CONSTRUCTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

### 9 Interest payable and similar expenses

	2017 £'000	2016 £'000
<b>Other finance costs:</b>		
Other interest	4	-
	<u>4</u>	<u>-</u>

### 10 Taxation

	2017 £'000	2016 £'000
<b>Current tax</b>		
UK corporation tax on profits for the current period	190	320
Adjustments in respect of prior periods	(89)	-
	<u>101</u>	<u>320</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	10	(8)
Changes in tax rates	-	(5)
	<u>10</u>	<u>(13)</u>
<b>Total tax charge</b>	<u>111</u>	<u>307</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2017 £'000	2016 £'000
Profit before taxation	<u>1,125</u>	<u>1,523</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.92% (2016: 20.00%)	224	305
Tax effect of expenses that are not deductible in determining taxable profit	8	4
Adjustments in respect of prior years	(89)	-
Group relief	(30)	-
Deferred tax adjustments in respect of prior years	-	(5)
Other timing differences	(2)	3
	<u>111</u>	<u>307</u>
<b>Taxation charge for the year</b>	<u>111</u>	<u>307</u>

The Chancellor stated his intention to reduce the main rate of corporation tax from 20% to 19% from 1 April 2017 and to 17% from 1 April 2020. This change was substantively enacted on 6 September 2016.



# CONLON CONSTRUCTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

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### 11 Dividends

	2017 £'000	2016 £'000
Interim paid	<u>650</u>	<u>1,000</u>

# CONLON CONSTRUCTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2017

### 12 Tangible fixed assets

	Freehold land and buildings	Plant and machinery	Fixtures, fittings and equipment	Computer equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>						
At 1 May 2016	665	75	134	456	60	1,390
Additions	11	-	7	112	-	130
Disposals	-	-	-	(1)	-	(1)
At 30 April 2017	676	75	141	567	60	1,519
<b>Depreciation and impairment</b>						
At 1 May 2016	-	51	112	304	45	512
Depreciation charged in the year	16	4	4	62	6	92
At 30 April 2017	16	55	116	366	51	604
<b>Carrying amount</b>						
At 30 April 2017	660	20	25	201	9	915
At 30 April 2016	665	23	22	152	14	876

# CONLON CONSTRUCTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

### 12 Tangible fixed assets

(Continued)

Land and buildings with a carrying amount of £660,000 (2016: £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 at valuation, the total amounts included would have been as follows:

	2017 £'000	2016 £'000
Cost	379	347
Accumulated depreciation	(91)	(84)
Carrying value	<u>288</u>	<u>263</u>

### 13 Fixed asset investments

	2017 £'000	2016 £'000
Unlisted investments	1,696	496
Loans	1,900	700
	<u>3,596</u>	<u>1,196</u>

The cost of investments include a 3.1% equity stake in One Ashford Health Care Limited and a loan note totalling £700,000 provided to the same company. The loan note returns interest of 8% per annum, compounded if relevant.

The cost of investments also include a 6% equity stake in One Hatfield Health Care Limited and a loan note totalling £1,200,000 provided to the same company. The loan note returns interest of 8% per annum, compounded if relevant.

#### Movements in fixed asset investments

	Investments other than loans £'000	Loan notes £'000	Total £'000
<b>Cost or valuation</b>			
At 1 May 2016	496	700	1,196
Additions	1,200	1,200	2,400
At 30 April 2017	<u>1,696</u>	<u>1,900</u>	<u>3,596</u>
<b>Carrying amount</b>			
At 30 April 2017	<u>1,696</u>	<u>1,900</u>	<u>3,596</u>
At 30 April 2016	<u>496</u>	<u>700</u>	<u>1,196</u>

# CONLON CONSTRUCTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

### 14 Stocks

	2017 £'000	2016 £'000
Material and property	654	848
Development work in progress	355	800
Contract work in progress	30	370
	<u>1,039</u>	<u>2,018</u>

### 15 Financial instruments

	2017 £'000	2016 £'000
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	4,967	2,231
Equity instruments measured at cost less impairment	1,696	496
	<u></u>	<u></u>
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	12,369	8,373
	<u></u>	<u></u>

### 16 Debtors

	2017 £'000	2016 £'000
<b>Amounts falling due within one year:</b>		
Trade debtors	1,631	786
Gross amounts due from contract customers	6,721	6,937
Amounts due from group undertakings	292	244
Other debtors	420	656
Prepayments and accrued income	290	278
	<u>9,354</u>	<u>8,901</u>

	2017 £'000	2016 £'000
<b>Amounts falling due after more than one year:</b>		
Gross amounts due from contract customers	400	289
Amounts due from group undertakings	1,138	500
	<u>1,538</u>	<u>789</u>
<b>Total debtors</b>	<u>10,892</u>	<u>9,690</u>

# CONLON CONSTRUCTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2017

### 17 Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Trade creditors	10,799	7,538
Amounts due to group undertakings	519	268
Corporation tax	2	320
Taxation and social security	200	196
Other creditors	60	51
Accruals and deferred income	6,082	4,956
	<u>17,662</u>	<u>13,329</u>

### 18 Provisions for liabilities

	Notes	2017 £'000	2016 £'000
Deferred tax liabilities	19	32	22
		<u>32</u>	<u>22</u>

### 19 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 2017 £'000	Liabilities 2016 £'000
<b>Balances:</b>		
ACAs	39	26
Other short term timing differences	(7)	(4)
	<u>32</u>	<u>22</u>
<b>Movements in the year:</b>		2017 £'000
Liability at 1 May 2016		22
Charge to profit or loss		10
		<u>32</u>
Liability at 30 April 2017		<u>32</u>

The deferred tax liability set out above is not expected to materially reverse over the upcoming 12 months and relates to accelerated capital allowances and the opposite effect of short term timing differences that are not expected to reverse within the same period.

# CONLON CONSTRUCTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

### 20 Retirement benefit schemes

	2017 £'000	2016 £'000
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	457	407

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.

At the balance sheet date the company owed £30,302 (2016: £27,365) in respect of defined contribution payments, which are stated within creditors.

### 21 Share capital

	2017 £'000	2016 £'000
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
10,000 Ordinary shares of £1 each	10	10

### 22 Contingencies

Since March 2007, the company is party to an inter-company bank guarantee between itself and Conlon Holdings in favour of Natwest Bank plc. At the balance sheet date Conlon Holdings had outstanding mortgage balances with this bank totalling £Nil (2016: £212,500).

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

### 23 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017 £'000	2016 £'000
Within one year	156,849	163,881
Between two and five years	182,249	269,351
	339,098	433,232

### 24 Related party transactions

The remuneration for key management personnel, who are also the directors, is detailed in note 7 to the financial statements.

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.

# CONLON CONSTRUCTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

### 25 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.

### 26 Directors' transactions

At the balance sheet date directors of the company had received advances as follows; Michael Conlon £Nil (2016: £435), Maureen Boland £809 (2016: £513), Darren Lee £49 (2016: £Nil), Andrew Makinson £Nil (2016: £30). All advances are repayable on demand by the company.

### 27 Cash generated from operations

	2017 £'000	2016 £'000
Profit for the year after tax	1,014	1,216
<b>Adjustments for:</b>		
Taxation charged	111	307
Finance costs	4	-
Investment income	(121)	(99)
(Gain)/loss on disposal of tangible fixed assets	-	109
Depreciation and impairment of tangible fixed assets	92	72
<b>Movements in working capital:</b>		
Decrease/(increase) in stocks	980	(410)
(Increase) in debtors	(1,202)	(1,345)
Increase in creditors	4,649	2,372
<b>Cash generated from operations</b>	<b>5,527</b>	<b>2,222</b>