

# Amalgamated Construction Limited

## Annual Report

Year Ended 30 September 2017

Company registration number 00995892

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# **Amalgamated Construction Limited**

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# Amalgamated Construction Limited

## Company Information

**Directors:** J Booth  
A Liebenberg  
P Scott  
D W Toffolo  
Renew Corporate Director Limited

**Secretary:** Renew Nominees Limited

**Registered Office:** Yew Trees  
Main Street North  
Aberford  
West Yorkshire  
LS25 3AA

**Registered Number:** 00995892

**Auditor:** KPMG LLP  
1 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA

**Bankers:** HSBC Bank Plc  
City Branch  
33 Park Row  
Leeds  
LS1 1LD

# Amalgamated Construction Limited

## Strategic Report

### Principal Activities

Amalgamated Construction (Amco) provides a diverse range of specialist construction and engineering services. The company creates and maintains assets for both public and private sector customers in the specialist sectors of rail and engineering.

### Business Model

The company engages in engineering activities which are characterised by the use of the company's skilled engineering workforce, supplemented by specialist subcontractors where appropriate, in a range of civil, mining, mechanical and electrical applications.

### Business Review and Results

Our business relationships are based on trust, mutual respect, best value and continuous improvement. We align our delivery capability to our clients culture, values and business needs; our aim is to help them achieve their strategic business objectives.

Amco offers a whole life service to clients' assets which includes feasibility, optioneering, design, construction, commissioning, operation, maintenance and de-commissioning. We are experienced in working on live assets; these include rail, power generation, electricity distribution, clean water, flood defence and waterways.

Business activities are focused on markets and services where they can continue the profitable growth profile achieved over recent years and are balanced between new build, renewal and maintenance. The business delivers through dedicated regional business units retaining the specialist skills required for the particular needs of the sectors in which it operates.

Services to the rail sector encompass civil engineering, building and mechanical & electrical engineering services, primarily to Network Rail. The business continues to be underpinned by a number of long term, regionally based framework contracts for Buildings and Civils Renewals and Asset Maintenance works for Network Rail.

The rail business is focused on off-track civil engineering works, tunnel and shaft refurbishment, structural renewal and maintenance, the refurbishment and new build of lineside structures, the renewal and maintenance of mechanical and electrical installations and the delivery of a wide range of planned and reactive maintenance services.

The South West business rail activity remains strong despite the lack of new framework. Within the region Network Rail are continuing to competitively tender opportunities outside of the frameworks and Amco continue to be major service provider to Network Rail.

The Asset Management (AM) Minor Civils Rail Maintenance Framework secured in 2011/12 expired in March 2015. However, Network Rail exercised its option to extend the contracts for a further two years to 2017, and then extended for a further year to March 2018. This framework is route based covering Network Rail's LNE, LNW, Anglia, East Midlands, Wales and Scotland Routes.

# Amalgamated Construction Limited

## Strategic Report (continued)

The performance of AMCO Rail has remained strong throughout 2017. The business has successfully managed:

- The establishment and embedding of teams to work on new CP5 Network Rail IP Renewals contracts
- High levels of competitive tender activity in South West securing a robust workbank for 2016/17 despite the lack of a regional framework
- To continue to grow our market share in Scotland and we are now the largest provider of renewals and maintenance services to network Rail

Prospects for AMCO Rail for the remainder of Control Period 5 (2014-2019) remain excellent given its suite of long term frameworks focused on the renewals and maintenance market with Network Rail.

There was much publicity and speculation regarding Network Rail spend and potential cuts throughout the summer of 2015. However, the focus of this speculation and ongoing review is primarily on major Enhancement projects rather than day to day maintenance and renewals and, consequently, there is minimal potential threat to AMCO Rail's forward workbank.

Key objectives for the rail teams in 2017/18 are:

- Continue to improve safety performance and work with Network Rail to implement the P&DSW Safe Work Leader initiative
- Continue to develop relationships in all areas, with a focus on broadening relationships with Network Rail Routes and the Train Operating Companies
- Grow our presence as a civil engineering provider to London Underground Limited following the acquisition of the Giffen Group in 2016
- Explore opportunities that suit the combined capabilities of Amco/ Giffen for existing and new customers.
- Continue to refine and enhance the organisational structure to ensure opportunities are maximised across the customer base
- Continue to maximise tunnel refurbishment opportunities through ongoing development of unique equipment and working methodologies
- Identify and secure competitive tendered opportunities in areas where no frameworks are held
- Pursue opportunities in other transport sectors where our current skills can be transferred and deployed

Amco Engineering is a specialist contractor providing innovative multi-disciplinary services to the energy, environmental and infrastructure market sectors.

In the energy sector our clients include the majority of the electricity and energy providers. These include E.ON, RWE, SSE, EPL and Magnox, for whom we create, refurbish and maintain assets in nuclear, coal, gas, hydro and wind power generation. In a heavily regulated environment and sector where safety and health are paramount, it is a credit to the workforce that we have now achieved in excess of fifteen years without a reportable accident at two of our framework sites for SSE and E.ON.

Our environmental business is focused on flood alleviation and defence and flow control systems for inland and tidal reaches. We are appointed as framework partner for the Environment Agency, Scottish Water and Dwr Cymru Welsh Water, where we also provide viable design and build hydro electricity generation projects.

# Amalgamated Construction Limited

## Strategic Report (continued)

Within infrastructure we operate in two specialist areas; the provision of mining services to facilitate the bulk extraction of commodities including potash and the construction and refurbishment of moving structures such as lock gates and swing bridges.

Amco Engineering is a country wide framework provider of civil engineering services to the Environment Agency maintaining positions in the Northern, Central, South East and South West regions and continue to deliver maintenance and projects on the enlarged Northern MEICA framework. Amco also hold a position on the MEICA and Electrical Services frameworks for the Environment Agency in the South East of England, which was awarded in 2016.

In April 2017 Amco were awarded a MEICA Framework for the Canal and River Trust for a 7 Year Term. The Canal and River Trust have been a key target customer for the business for some years. This was a significant achievement for the business as it fits with our continued strategy of securing long term frameworks focussing on non-discretionary maintenance budgets.

### *Resources*

At the end of September 2017 the company employed 1008 personnel including a direct delivery workforce of 543 multi-discipline, multi-skilled engineers and operatives employed across the rail and engineering markets. It is because of the skill and commitment of our employees that we are able to sustain long term and repeat working relationships with key clients.

In addition to our wide ranging in-house resources we also retain a strong supply chain developed on the principals of supply chain management including assessed and pre-approved specialist consultants, contractors and suppliers.

The company continues to retain unique specialist engineering skills, resources and assets relating to the construction, maintenance and refurbishment of tunnels and underground structures for the rail and engineering sectors and for the design and construction of bulk materials handling facilities with particular expertise in the energy sector.

### *Trading*

Currently the business is trading in line with expectation and has a current order book in excess of £185 million.

### *Health & Safety*

Throughout 2016/17 the company continued to focus on attitude, behaviour and heightened personal sensitivity to the recognition of unsafe conditions. The directors explored key improvements through the culture of behavioural safety management and made significant investment in training and development. Raising the profile of the Representative of Employee Safety (ROES) has been successful and the signs are there that the expected culture and behaviours is being cultivated at all levels within the organisation. Amco now has a dedicated Behavioural Safety Practitioner focused on training and embedding the programme. During the year the company again focused on increasing site visits by all senior managers.

We remain focused and committed to the number of initiatives introduced and concentrate on quality rather than quantity. This approach ensures that we have a better chance of success of embedding the initiatives within the business.

# Amalgamated Construction Limited

## Strategic Report (continued)

### *Future Prospects*

The company will continue to develop opportunities in existing markets, particularly where there are high barriers to entry, which offer long term and repeat business opportunities through mature client relationships. Our model of direct delivery through a highly skilled, multi-discipline workforce continues to be a key differentiator between ourselves and much of our competition and one that is recognised and sought by our clients.

The business is predominantly focused around the provision of renewal, refurbishment and maintenance services and is not wholly reliant on new build contracts and therefore has some protection from reduction in funding for new public sector assets.

### **Results and Dividends**

The profit and loss account is set out on page 13 and shows the profit for the year.

The retained profit has been transferred to profit and loss account reserves. The directors declared and paid an interim dividend of £7,000,000 on 28<sup>th</sup> September 2017 (2016: £6,500,000).

### **Key Performance Indicators**

The directors have established a number of key performance indicators which they use to measure and monitor the performance of the company in a number of different areas. These measures are set out in the table below.

As part of the annual budget process the directors set a target operating profit margin as a percentage of turnover and this is reviewed on a monthly basis. We set waste recycling targets in order to minimise the environmental impact of our activities and we continually aim to maximise client satisfaction with our services. Employee training targets are monitored in order to ensure the skills and knowledge of our employees are maintained and improved, whilst our annual safety target is one of continual improvement with a goal of zero reportable accidents.

	2017	2016
Operating profit margin as a percentage of turnover	4.0%	4.0%
Environmental impact (percentage of waste recycled)	97.9%	95.1%
PRISM score (client satisfaction, scored out of 5)	4.3	4.3
Training (days per year, per employee)	5.0	5.3
Number of reportable accidents per 100,000 employed	194	241

# **Amalgamated Construction Limited**

## **Strategic Report** (continued)

### **Principal Risks and Uncertainties**

This annual report contains certain forward looking statements. These statements are made by the directors in good faith, based on the information available to them up to the time of approval of this report. Actual results may differ to those expressed in such statements, depending on a variety of factors. These factors include customer acceptance of the company's services, levels of demand in the market, restrictions to market access, competitive pressure on pricing or additional costs, failure to retain or recruit key personnel and overall economic conditions.

A risk inherent in the construction industry occurs in the nature, timing and contractual conditions which exist at the time of contract procurement. To mitigate these risks, the company has a system of pre-contract and pre-tender risk assessment whereby senior management, including the directors where appropriate, review and advise on specific issues arising in the contract procurement process. The company also seeks to limit its risks by specialising in certain markets where it has extensive experience and a particular skills base.

### **Derivatives and Other Financial Instruments**

The company's principal financial instruments comprise bank loans, cash and short-term deposits. The main purpose of these financial instruments is to provide finance for the company's operations. The company has various other financial instruments such as trade debtors and trade creditors that arise directly from its operations. It is, and has been throughout the period under review, the company's policy that no trading in financial instruments shall be undertaken. The main risks arising from the company's financial instruments are interest rate risk and liquidity risk.

### **Liquidity Risk**

The company's policy is to ensure availability of operating funds by maintaining an appropriate cash balance in current accounts and to establish appropriate levels of borrowing facilities to provide short-term flexibility. The company is a participant together with a number of fellow subsidiaries in the group banking arrangements of its ultimate holding company, Renew Holdings plc, and as a result has risks associated with the financial status and performance of the other companies within that group.

### **Credit Risk**

The company's principal financial assets are bank balances, cash, amounts recoverable on contracts and trade debtors, which represent maximum exposure to credit risk in relation to financial assets.

The company's credit risk is primarily attributable to its amounts recoverable on contracts and trade debtors. Credit risk is managed by monitoring the aggregate amount and duration of exposure to any one customer depending upon their credit rating. The amounts presented in the balance sheet are net of allowances for doubtful debts, estimated by the company's management based on prior experience and their assessment of the current economic environment.



# **Amalgamated Construction Limited**

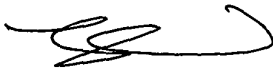
## **Strategic Report** (continued)

### **Environment**

The company's policy with regard to the environment is to ensure that the actual and potential environmental impact of its activities are understood and effectively managed. Operations are conducted in a manner to comply with all legal requirements relating to the environment in all areas where business is carried out.

### **Approval**

The strategic report was approved by the Board on 20 November 2017 and signed on its behalf by:



**J Samuel**

For and on behalf of Renew Nominees Limited – Secretary  
Registered Number: 00995892

# Amalgamated Construction Limited

## Report of the Directors

The directors present their report and the audited financial statements for the year ended 30 September 2017.

### Directors

The directors serving during the year and subsequently were:

J Booth (appointed 17<sup>th</sup> February 2017)  
A Liebenberg  
P Scott  
S Stiff (resigned 17<sup>th</sup> February 2017)  
D W Toffolo  
Renew Corporate Director Limited

No director had a beneficial interest in the share capital of any subsidiary of Renew Holdings plc. The directors (other than those whose interests are disclosed in the financial statements of Renew Holdings plc) had the following interests in the share capital of Renew Holdings plc.

Name	Number as at 30 September 2017	Number as at 30 September 2016
	Ordinary Shares	Ordinary Shares
D W Toffolo	1,000	1,000

No other director (other than those whose interests are disclosed in the financial statements of the immediate parent undertaking or Renew Holdings plc) was granted, or exercised, any options to subscribe in the shares of Renew Holdings plc during the year ended 30 September 2017.

### Employee Involvement and Policy

The directors recognise the need for communication with employees at every level. All employees have access to a copy of the group annual report and financial statements, which together with regular staff briefings and internal notice board statements, keep them informed of progress within the company and the group.

The company continues to be committed to the health, safety and welfare of its employees and observe the terms of the Health & Safety at Work Act 1974 and subsequent legislation and regulations.

It is the policy of the company that there shall be no discrimination or less favourable treatment of employees or job applicants in respect of race, colour, ethnic or national origins, religion, sex, disability, political beliefs or marital status. The company engages, promotes and trains staff on the basis of their capabilities, qualifications and experience, without discrimination, giving all employees an equal opportunity to progress within the company. Full consideration will be given to suitable applications for employment from disabled persons where they have the necessary skills and abilities for that position, and wherever possible to re-train employees who become disabled, so that they can continue their employment in another position.

# Amalgamated Construction Limited

## Report of the Directors (continued)

### Safety, Health and Environmental Policies

The company continues to strive to improve its safety, health and environmental (SHE) standards and performance. The SHE objectives are set by the group and monitored regularly throughout the year and these objectives reviewed in response to performance and changes in legislation.

All levels of management are required to undertake SHE monitoring activities, from SHE tours by directors to SHE surveys by senior managers and SHE inspections by site and workplace management.

It is the company's policy to report all accidents regardless of severity. Accident and incident reports are assessed to identify their main cause and analysed to identify trends and areas for improvement in the same way as for findings of inspection, tours and surveys.

The company recognises that effective training is important to the improvement of SHE performance. There is a regular programme of internal health and safety courses for all personnel.

### Quality Assurance

The company is committed to the achievement of quality. It operates a quality management system which complies with the requirements of BS EN ISO 9001:2008 and is externally audited by LRQA.

### Statement of Directors' Responsibilities in respect of the Strategic Report, Directors' Report and the Financial Statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS102

*The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

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

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

# Amalgamated Construction Limited

## Report of the Directors (continued)

### Statement of Directors' Responsibilities in respect of the Strategic Report, Directors' Report and the Financial Statements (continued)

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Disclosure of information to the auditor

At the date of making this report each of the company's directors, as set out on page 8, confirm the following:

- So far as each director is aware, there is no relevant information needed by the company's auditor in connection with preparing their report of which the company's auditor is unaware, and
- Each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant information needed by the company's auditor in connection with preparing their report and to establish that the company's auditor is aware of that information.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

### Approval

The report of the directors was approved by the Board on 20 November 2017 and signed on its behalf by:



**J Samuel**

For and on behalf of Renew Nominees Limited – Secretary  
Registered Number: 00995892

# **Independent Auditor's Report to the Members of Amalgamated Construction Limited**

## **Opinion**

We have audited the financial statements of Amalgamated Construction Limited ("the company") for the year ended 30 September 2017 which comprise the Profit and Loss account, Statement of Comprehensive Income, Statement of Changes in Equity, Balance Sheet and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## **Going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

## **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

Under the Companies Act 2006 we are required 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

We have nothing to report in these respects.

# **Independent Auditor's Report to the Members of Amalgamated Construction Limited** (continued)

## **Directors' responsibilities**

As explained more fully in their statement set out on pages 9 & 10, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## **The purpose of our audit work and to whom we owe our responsibilities**

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.

**Mick Thompson (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
1 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA

20 November 2017

# Amalgamated Construction Limited

## Profit and Loss Account

Year ended 30 September 2017

	Note	2017 £000	2016 £000
Turnover	2	211,870	231,906
Cost of sales		(185,214)	(206,962)
<b>Gross profit</b>		<b>26,656</b>	<b>24,944</b>
Administrative expenses		(18,266)	(15,754)
<b>Operating profit</b>	2	<b>8,390</b>	<b>9,190</b>
Interest payable	4	(32)	(18)
Other finance cost	16	(39)	(15)
<b>Profit on ordinary activities before taxation</b>		<b>8,319</b>	<b>9,157</b>
Taxation	5	(1,797)	(2,346)
<b>Profit for the financial year</b>		<b>6,522</b>	<b>6,811</b>

All the company's activities are derived from continuing operations.

There is no difference between the profit on ordinary activities before taxation and the historical cost equivalents.

# Amalgamated Construction Limited

## Statement of Comprehensive Income

Year ended 30 September 2017

	Note	2017 £000	2016 £000
<b>Profit for the financial year</b>		6,522	6,811
Actuarial gain/(loss) recognised in the pension scheme	16	416	(1,881)
Current tax on pension movements		-	74
Deferred tax on pension movements		(71)	272
<b>Total recognised gains for the year</b>		<b>6,867</b>	<b>5,276</b>

## Statement of Changes in Equity

Year ended 30 September 2017

	Called up share capital £000	Profit and loss account £000	Total Equity shareholders funds £000
At 1 October 2015	3,000	9,865	12,865
Transfer from profit and loss account		6,811	6,811
Dividends paid		(6,500)	(6,500)
Actuarial loss recognised in the pension scheme		(1,881)	(1,881)
Tax on pension movements		346	346
At 30 September 2016	3,000	8,641	11,641
Transfer from profit and loss account		6,522	6,522
Dividends paid		(7,000)	(7,000)
Actuarial gain recognised in the pension scheme		416	416
Tax on pension movements		(71)	(71)
<b>At 30 September 2017</b>	<b>3,000</b>	<b>8,508</b>	<b>11,508</b>



# Amalgamated Construction Limited

## Balance Sheet

As at 30 September 2017

	Note	2017 £000	2016 £000
<b>Fixed assets</b>			
Tangible assets	6	1,660	2,185
Investments	7	5,234	-
		<hr/>	<hr/>
		6,894	2,185
<b>Current assets</b>			
Stock	8	28	30
Debtors: due within one year	9	38,323	30,880
Cash at bank and in hand		48,220	55,385
		<hr/>	<hr/>
		86,571	86,295
<b>Creditors</b> - amounts falling due within one year	10	(80,692)	(74,114)
		<hr/>	<hr/>
<b>Net current assets</b>		5,879	12,181
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		12,773	14,366
<b>Creditors</b> - amounts falling due after more than one year	11	(505)	(616)
		<hr/>	<hr/>
		12,268	13,750
<b>Provisions for liabilities and charges</b>			
<b>Pension and similar obligations</b>	16	(760)	(2,109)
		<hr/>	<hr/>
<b>Net assets</b>		11,508	11,641
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	13	3,000	3,000
Profit and loss account		8,508	8,641
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>		11,508	11,641
		<hr/>	<hr/>

The financial statements were approved by the Board on 20 November 2017 and signed on its behalf by:

G Ellis

For and on behalf of  
Renew Corporate Director Limited  
Director

# Amalgamated Construction Limited

## Notes to the Financial Statements

Year ended 30 September 2017

### 1 ACCOUNTING POLICIES

#### Basis of Financial Statements

Amalgamated Construction Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Renew Holdings plc, includes the Company in its consolidated financial statements. The consolidated financial statements of Renew Holdings plc are prepared in accordance with International Financial Reporting Standards as adopted by the EU. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Renew Holdings plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 Share Based Payments; and,
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### Measurement Convention

The financial statements are prepared on the going concern basis and under the historical cost convention, the accounting policies set out below and in accordance with FRS 102.

#### Going Concern Basis

The directors have reviewed the company's cash flow and operating forecasts and have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to prepare the financial statements on a going concern basis.

# Amalgamated Construction Limited

## Notes to the Financial Statements (continued)

Year ended 30 September 2017

### 1 ACCOUNTING POLICIES (continued)

#### Group Financial Statements

The company is exempt from the obligation to prepare and deliver group accounts by virtue of section 400 of the Companies Act 2006. Accordingly the financial statements only present information about the company and do not contain information about the group as a whole.

A summary of the more important accounting policies which have been applied consistently is set out below.

#### Accounting Estimates and Judgements

In the preparation of these financial statements the Board has made certain judgements and estimates which impact the measurement of various assets and liabilities in the balance sheet, the value of transactions recorded in the profit and loss account and the movements in equity as shown in the statement of changes in equity. Estimates and judgements are reviewed by management and the Board on an ongoing basis and changes which may arise in them are reflected in the financial statements for the period in which such changes are made. The Board has determined that the following area is the one in which estimates and judgements have been made and where material impacts could arise in the financial statements were such estimates and judgements to be varied:

FRS 102 requires management to estimate the total expected costs on a contract and the stage of contract completion in order to determine both the turnover and profit to be recognised in an accounting period. The Company has control and review procedures in place to monitor, and evaluate regularly, the estimates being made to ensure that they are consistent and appropriate. This includes reviewing the independent certification of the value of work done, the progress of work against contracted timescales and the costs incurred against plan.

#### Turnover

Turnover represents the invoiced amount of goods sold and services provided less returns and allowances, excluding value added tax. In the case of construction contracts, turnover is recognised when the outcome of the contract can be estimated reliably and represents the sales value of work done during the year by reference to the stage of completion of the contract activity. Stage of completion is calculated through measurements of work performed. Turnover is generated predominantly in the UK, and the company continues to operate within a single business segment, construction and civil engineering.

#### Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

- |                                 |   |
|---------------------------------|---|
| • short term leasehold premises | depreciated over length of underlying lease |
| • motor vehicles                | 3-5 years                                   |
| • fixtures and fittings         | 2-5 years                                   |

# **Amalgamated Construction Limited**

## **Notes to the Financial Statements** (continued)

Year ended 30 September 2017

### **1 ACCOUNTING POLICIES (continued)**

#### **Tangible Fixed Assets and Depreciation (continued)**

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

#### **Investments in subsidiaries**

Investments in subsidiaries are recorded at cost.

#### **Impairment excluding Stocks and Deferred Tax Assets**

##### **Financial assets**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

##### **Stock**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

#### **Construction Contract Debtors**

Construction contract debtors represent the gross unbilled amount for contract work performed to date. They are measured at cost plus profit recognised to date less a provision for foreseeable losses and less progress billings. Variations are included in contract turnover when they are reliably measurable and it is probable that the customer will approve the variation itself and the revenue arising from the variation. Claims are included in contract turnover only when they are reliably measurable and negotiations have reached the stage such that it is probable that the customer will accept the claim. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Company's contract activities based on normal operating capacity.

Construction contract debtors are presented as part of debtors in the balance sheet. If payments received from customers exceed the income recognised, then the difference is presented as payments received on account in the balance sheet.

#### **Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, except as noted below, on timing differences that have arisen but not reversed by the balance sheet date, where the timing differences result in an obligation to pay more tax, or a right to pay less tax, in the future. Timing differences arise because of differences between the treatment of certain items for accounting and taxation purposes.

# Amalgamated Construction Limited

## Notes to the Financial Statements (continued)

Year ended 30 September 2017

### 1 ACCOUNTING POLICIES (continued)

#### Taxation (continued)

In accordance with FRS 102 'The Financial Standard', deferred tax is not provided on permanent timing differences. Unrelieved tax losses and other 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.

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

#### Basic Financial Instruments – Trade and Other Debtors/Creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

#### Pension Commitments

##### Defined Contribution Pension Scheme

The company operates defined contribution schemes in respect of certain employees. A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

##### Defined Benefit Pension Scheme

The company's net obligation in respect of the defined benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in prior periods; that benefit is discounted to determine its present value. The fair value of any scheme assets is deducted. The company determines the net interest (income)/expense on the net defined benefit asset/ (liability) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit asset/(liability) taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of, the company's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The company recognises net defined benefit scheme assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of scheme introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Re-measurement of the net defined benefit asset/(liability) is recognised in other comprehensive income in the period in which it occurs.

# Amalgamated Construction Limited

## Notes to the Financial Statements (continued)

Year ended 30 September 2017

### 1 ACCOUNTING POLICIES (continued)

#### Leased Assets

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease.

Payments made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

#### Dividends on Shares presented within Equity Shareholders' Funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

#### Inter Company Balances

Interest is not charged on balances outstanding with fellow subsidiaries as they are repayable on demand.

2	2017	2016
	£000	£000

Analysis of turnover by geographical area:

United Kingdom		
Rest of Europe	211,870	231,055
	-	851
	<u>211,870</u>	<u>231,906</u>

Operating profit is stated after charging:

Fees payable to the company's auditor for the audit of the financial statements	61	58
Fees payable to the company's auditor for other services related to tax advice	8	5
Depreciation of owned assets	425	174
Depreciation of assets under hire purchase arrangements	149	438
Hire of plant and machinery	15,049	15,854
Operating lease rentals - land and buildings	575	674
Operating leases rentals - other	949	916
(Profit)/loss on disposal of fixed assets	(5)	14
Group management charges	8,972	5,582

# Amalgamated Construction Limited

## Notes to the Financial Statements (continued)

Year ended 30 September 2017

### 3 DIRECTORS AND EMPLOYEES

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

Operations	559	656
Administration	466	477

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	1,025	1,133
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	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>

Staff costs, including directors' remuneration, were as follows:

Wages and salaries	52,096	53,591
Social security costs	4,927	5,214
Other pension costs	1,072	1,107

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	58,095	59,912
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	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>

Directors' emoluments:

Aggregate emoluments	705	497
Company contributions to defined contribution scheme	31	107

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	736	604
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At 30 September 2017, three directors were members of the defined contribution scheme (2016: two).

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>

Highest paid director:

Aggregate emoluments	439	412
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The emoluments of P Scott have been borne by the ultimate holding company, Renew Holdings plc, and the details of his remuneration are disclosed in that company's accounts.

### 4 INTEREST PAYABLE

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>

Interest payable on HP agreements	28	18
Other interest payable	4	-

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	32	18
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# Amalgamated Construction Limited

## Notes to the Financial Statements (continued)

Year ended 30 September 2017

5	TAXATION	2017 £000	2016 £000
	Total tax expense recognised in the profit and loss account, other comprehensive income and equity:		
	UK Corporation Tax:		
	Current tax on profit for the year	1,500	1,834
	Adjustment in respect of prior years	-	538
	Total current tax	1,500	2,372
	Deferred taxation:		
	Origination and reversal of timing differences	297	(26)
	Total deferred tax	297	(26)
	Tax charge on profit on ordinary activities	1,797	2,346

	2017 £000	2017 £000	2017 £000	2016 £000	2016 £000	2016 £000
	Current Tax	Deferred Tax	Total Tax	Current Tax	Deferred Tax	Total Tax
Recognised in profit and loss account	1,500	297	1,797	2,372	(26)	2,346
Recognised in other comprehensive income	-	71	71	(74)	(272)	(346)
Total tax	1,500	368	1,868	2,298	(298)	2,000



# Amalgamated Construction Limited

## Notes to the Financial Statements (continued)

Year ended 30 September 2017

### 5 TAXATION (continued)

Reconciliation of effective tax rate	2017 £000	2016 £000
Profit on ordinary activities before taxation	8,319	9,157
Theoretical tax at UK corporation tax rate 19.5% (2016:20%)	1,622	1,831
Effects of:		
- Group relief	-	(43)
- Deferred tax timing differences	297	(26)
- Decelerated capital allowances	48	43
- Expenditure not deductible for tax purposes	19	18
- Other timing differences	(189)	(48)
- Short term timing differences	-	33
- Under/(over) provided in earlier years	-	538
Total tax expense included in profit and loss	1,797	2,346

### 6 TANGIBLE FIXED ASSETS

	Short term Leasehold Premises £000	Plant & Equipment £000	Motor Vehicles £000	Total £000
<b>Cost</b>				
At 1 October 2016	1,199	3,449	2,486	7,134
Additions	-	109	-	109
Disposals	-	-	(355)	(355)
At 30 September 2017	1,199	3,558	2,131	6,888
<b>Depreciation</b>				
At 1 October 2016	93	3,058	1,798	4,949
Charge for year	124	113	337	574
Disposals	-	-	(295)	(295)
At 30 September 2017	217	3,171	1,840	5,228
<b>Net Book Value</b>				
At 30 September 2017	982	387	291	1,660
At 30 September 2016	1,106	391	688	2,185

The net book value of assets under hire purchase agreements at 30 September 2017 was £14,000 (which excludes assets under hire purchase agreements which were fully satisfied in the year) (2016: £208,000). During the year £149,000 (2016: £438,000) of depreciation was charged against assets held under hire purchase agreements.

# Amalgamated Construction Limited

## Notes to the Financial Statements (continued)

Year ended 30 September 2017

<b>7</b>	<b>INVESTMENTS</b>	<b>2017</b> <b>£000</b>	<b>2016</b> <b>£000</b>
	Shares in Giffen Holdings Limited - additions at cost	5,234	-
	<p>Giffen Holdings is registered in England &amp; Wales and is 100% owned by the company. Giffen Holdings owns 100% of Giffen Group Limited and 33.3% of Switchgear &amp; Substation Alliance Limited, both of which are also registered in England &amp; Wales. The registered office of all of the subsidiary undertakings is Yew Trees, Main Street North, Aberford, West Yorkshire LS25 3AA. The registered office of Switchgear &amp; Substation Alliance Limited is Hamilton Office Park, 31 High View Close, Leicester, Leicestershire, England, LE4 9LJ.</p>		
<b>8</b>	<b>STOCK</b>	<b>2017</b> <b>£000</b>	<b>2016</b> <b>£000</b>
	Consumables and plant spares	28	30
<b>9</b>	<b>DEBTORS – AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<b>2017</b> <b>£000</b>	<b>2016</b> <b>£000</b>
	Trade debtors	2,386	2,185
	Amounts owed by group undertakings	5,912	3,811
	Amounts owed by related undertakings	3	2
	Amounts recoverable on contracts	29,551	24,069
	Deferred tax (see note 12)	257	625
	Prepayments and accrued income	214	188
		38,323	30,880
<b>10</b>	<b>CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<b>2017</b> <b>£000</b>	<b>2016</b> <b>£000</b>
	Payments on account	1,105	3,876
	Trade creditors	7,160	4,637
	Amounts owed to group undertakings	8,832	5,652
	Other taxes and social security	3,619	4,147
	Other creditors	-	466
	Hire purchase obligations	111	271
	Current taxation	3,260	1,760
	Accruals and deferred income	56,605	53,305
		80,692	74,114

Bank loans and overdrafts are secured under the terms of the Renew Holding plc's banking agreement. Security is granted over the company's assets to the group's bankers.

# Amalgamated Construction Limited

## Notes to the Financial Statements (continued)

Year ended 30 September 2017

<b>11</b>	<b>CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	<b>2017 £000</b>	<b>2016 £000</b>
	Hire purchase obligations:		
	Between one and two years	99	111
	Between two and five years	406	505
		<u>505</u>	<u>616</u>
<b>12</b>	<b>DEFERRED TAXATION</b>	<b>2017 £000</b>	<b>2016 £000</b>
	The movement in the deferred taxation asset is as follows:		
	At 1 October	625	327
	Credited/(charged) to profit and loss account	(297)	26
	Credited to statement of comprehensive income	<u>(71)</u>	<u>272</u>
	At 30 September	<u>257</u>	<u>625</u>
		<b>2017 £000</b>	<b>2016 £000</b>
	Accelerated capital allowances	128	132
	Other timing differences	-	113
	Pension deferred tax asset	129	380
		<u>257</u>	<u>625</u>
<b>13</b>	<b>SHARE CAPITAL</b>	<b>2017 £000</b>	<b>2016 £000</b>
	Equity shares		
	Allotted, called up and fully paid ordinary shares of £1 each	<u>3,000</u>	<u>3,000</u>

# Amalgamated Construction Limited

## Notes to the Financial Statements *(continued)*

Year ended 30 September 2017

14	DIVIDENDS	2017 £000	2016 £000
	Interim dividend of £2.33 (2016: £2.17) per ordinary share	7,000	6,500

### 15 OTHER FINANCIAL COMMITMENTS

The company had capital commitments of £nil at the year end (2016: £nil).

Commitments under non-cancellable operating lease rentals are as follows:

	2017		2016	
	Land and Buildings £000	Plant, Equipment & Vehicles £000	Land and Buildings £000	Plant, Equipment & Vehicles £000
Within one year	435	1,239	373	1,139
Between two and five years	945	1,513	955	2,020
Over five years	569	-	782	-
	<u>1,949</u>	<u>2,752</u>	<u>2,110</u>	<u>3,159</u>

During the year £1,524,000 (2016 £1,590,000) was recognised as an expense in the profit and loss account in respect of operating leases.

### 16 PENSION COMMITMENTS

The company operates funded pension schemes for certain employees and directors. The total cost of all pensions to the company for the year was £2,044,000 (2016: £1,492,000).

The Amco Group Pension Scheme (the Scheme) is a final salary pension scheme. The Scheme was closed to future accrual of benefits on 31st January 2009.

The Scheme assets are held in a separate trustee-administered fund to meet long term liabilities to past and present employees. The trustees of the scheme are required to act in the best interests of the Scheme's beneficiaries. The appointment of members of the trustee board is determined by the trust documentation.

Under FRS 102, the liabilities of the Scheme are measured by discounting the best estimate of future cash flows to be paid out by the Scheme using the projected unit method, which is an accrued benefits valuation method.

The liabilities set out in this note have been calculated by an independent actuary based on the most recent full actuarial valuation at 31st December 2013, updated to 30th September 2017. The results of the calculations and the key financial and demographic assumptions that have been used are shown below. The next full actuarial valuation is due as at 31<sup>st</sup> December 2016 and will be finalised by March 2018.

# Amalgamated Construction Limited

## Notes to the Financial Statements *(continued)*

Year ended 30 September 2017

### 16 PENSION COMMITMENTS *(continued)*

Following the 2013 actuarial valuation, the company agreed to pay contributions at the rate of £385,000 per annum until 30<sup>th</sup> September 2021.

Key financial assumptions:

	2017 %	2016 %
Discount rate	2.6	2.4
Inflation – RPI	3.2	3.0
Inflation – CPI	2.2	2.0
Salary increases	3.2	3.0

The expected return on assets is a weighted average of the individual asset categories and their expected rates of return which are determined by consideration of historical experience and current market factors.

Pensions in payment in respect of service from 5th April 1997 to 5th April 2005, and deferred pensions subject to statutory revaluation, have been assumed to increase in line with future price inflation.

The mortality assumption adopted for the purposes of the calculations at 30th September 2017 is S2PA CMI (2016) and in 2016 is "S1PA" CMI (2013), both with a long term rate of 1.25% pa.

Average life expectancies (in years)	2017	2016
Male retiring at reporting date at age 62	25.1	25.5
Male retiring at reporting date +20 years at age 62	26.5	27.3
Female retiring at reporting date at age 62	26.9	27.8
Female retiring at reporting date +20 years at age 62	28.4	29.7

Members are assumed to retire at the earliest age at which they can take their full pension unreduced and are assumed to commute pension to obtain a retirement lump sum equal to 90% of the maximum permitted.

During 2013, the Trustees of the Scheme, in consultation with the directors, used scheme assets to purchase annuities which match certain pension liabilities in a transaction known as a "buy in". This asset provides protection against falls in gilt yields and risks in the performance of other asset classes.

During the year the company paid additional contributions of £587,000 to fund selected transfer values out of the pension scheme.

# Amalgamated Construction Limited

## Notes to the Financial Statements (continued)

Year ended 30 September 2017

### 16 PENSION COMMITMENTS (continued)

Amounts recognised in the profit and loss account	2017 £000	2016 £000
Interest cost	(399)	(536)
Return on Scheme assets	360	521
Total loss recognised in profit and loss account before deduction for tax	<u>(39)</u>	<u>(15)</u>
Amounts recognised in the statement of comprehensive income	2017 £000	2016 £000
Actuarial (loss)/gain on scheme assets	(680)	930
Actuarial gain/(loss) on pension liabilities	1,096	(2,811)
Net actuarial gain/(loss) for the year	<u>416</u>	<u>(1,881)</u>
Reconciliation of defined benefit obligation	2017 £000	2016 £000
Defined benefit obligation at start of year	17,430	14,863
Interest cost	399	536
Actuarial (gain)/loss	(1,096)	2,811
Benefits paid	(1,634)	(780)
Defined benefit obligation at end of year	<u>15,099</u>	<u>17,430</u>

# Amalgamated Construction Limited

## Notes to the Financial Statements (continued)

Year ended 30 September 2017

### 16 PENSION COMMITMENTS (continued)

Reconciliation of fair value of Scheme assets	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Fair value of Scheme assets at start of year	15,321	14,265
Interest income	360	521
Actuarial (loss)/gain	(680)	930
Contributions by employer	972	385
Benefits paid	(1,634)	(780)
	<u>14,339</u>	<u>15,321</u>
Fair value of Scheme assets at end of year		
Reconciliation to balance sheet	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Fair value of Scheme assets	14,339	15,321
Actuarial value of Scheme liabilities	(15,099)	(17,430)
	<u>(760)</u>	<u>(2,109)</u>
Gross deficit on Scheme		
Deferred tax	129	380
Pension deficit recognised in balance sheet	<u>(631)</u>	<u>(1,729)</u>
Analysis of assets	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Annuities	6,610	7,660
Diversified Growth Fund	6,754	6,435
Other	975	1,226
	<u>14,339</u>	<u>15,321</u>
Total assets		
Actual return on assets	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Interest income	360	521
Actuarial gain/(loss)	(680)	930
	<u>(320)</u>	<u>1,451</u>
Actual return on assets		

# Amalgamated Construction Limited

## Notes to the Financial Statements (continued)

Year ended 30 September 2017

### 16 PENSION COMMITMENTS (continued)

History of experience gains and losses	2017 £000	2016 £000	2015 £000	2014 £000	2013 £000
(Loss)/gain on Scheme assets	(680)	930	(248)	731	(967)
Experience gain/(loss) on Scheme liabilities	1,096	(2,811)	(1,534)	3	1
Gain/(loss) on change in assumptions (financial and demographic)	-	-	47	(1,180)	(93)
Total actuarial gain/(loss)	<u>416</u>	<u>(1,881)</u>	<u>(1,735)</u>	<u>(446)</u>	<u>(1,059)</u>

As a result of the TUPE transfer of a number of employees following the award of the Network Rail Civils Minor Works Framework in Scotland in 2012, the company is now a participating employer to its own Shared Cost section, operated for 17 employees of the company, within the Railways Pension Scheme, a defined benefit scheme.

Contributions to the scheme are set by RPMI Limited, the Railways Pension Scheme administrator, and are treated as a profit and loss pension cost for the statutory accounts. As at 30th September 2017 the net assets of the section were £1,725,000 (2016: £1,516,000).

As a result of the small number of individuals involved, the value of the scheme and the potentially short term nature of the Framework, FRS 102 pension accounting is not considered appropriate.

### 17 CONTINGENT LIABILITIES

Under the terms of a group debenture and guarantee, a fixed and floating charge over the net assets of the company has been granted to HSBC Bank Plc.

The company has issued performance bonds amounting to £nil (2016: £204,000) in the normal course of trading.

### 18 CASH FLOW STATEMENT AND RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary of Renew Holdings plc and is included in the consolidated financial statements of Renew Holdings plc which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 102 'The Financial Reporting Standard'.

The company is also exempt under the terms of FRS 102 'The Financial Reporting Standard' from disclosing related party transactions with Renew Holdings plc or subsidiaries which are 100% owned by Renew Holdings plc.



# Amalgamated Construction Limited

## Notes to the Financial Statements (continued)

Year ended 30 September 2017

### 18 CASH FLOW STATEMENT AND RELATED PARTY TRANSACTIONS (continued)

At the year end ADGM Limited (parent company of Amco Drilling (UK) Limited and Amco Interinvest Limited) is a related party due to shareholdings held by one of the directors, Mr D.W.Toffolo. During the year the company incurred vehicle hire and operating charges of £18,000 (2016: £34,000) from Amco Interinvest Limited. Service charges totalling £47,000 (2016: £48,000) were made to ADGM Limited and Amco Drilling (UK) Limited. Creditors at the period end include £nil (2016: £nil) due to Amco Interinvest Limited. Debtors include £15,000 (2016: £16,000) due from Amco Drilling (UK) Limited. All transactions were on normal commercial terms.

### 19 PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate parent undertaking is Amco Group Limited which is a wholly-owned subsidiary of Renew Holdings plc both of which are incorporated in England and Wales. The smallest and largest group for which consolidated financial statements are prepared is Renew Holdings plc.

The registered address for the company, its immediate parent and Renew Holdings plc which is the ultimate holding company, is Yew Trees, Main Street North, Aberford, West Yorkshire LS25 3AA. Copies of the financial statements can be obtained from the Company Secretary at that address.