

CHALCROFT LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015



CHALCROFT LIMITED

COMPANY INFORMATION

Directors	Mr Mark Reeve Mr David Reeve Mr S England Mr P Morley Mr T Hallam
Company number	01435810
Registered office	Hamlin Way King's Lynn Norfolk PE304NG
Auditors	Mapus-Smith & Lemmon LLP 48 King Street King's Lynn Norfolk PE30 1HE
Bankers	Lloyds Bank PLC Black Horse House Castle Park Cambridge Cambridgeshire CB3 0AR
Solicitors	Howes Percival The Guildyard 51 Colegate Norwich Norfolk NR3 1DD

CHALCROFT LIMITED

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CHALCROFT LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2015

The directors present the strategic report and financial statements for the year ended 30 June 2015.

Review of Business

The Group has had a reasonable year but has been affected by some legacy issues regarding contracts taken on during the recessionary period. With these contracts complete the Group now looks forward to a more profitable period.

To reduce overall risk to the Group a Commercial Director was appointed in April 2015. Their primary role is to further strengthen processes and procedures, to reduce risk and therefore improve profitability.

The Groups investment of a new office in Birmingham in 2014 has paid off resulting in a substantial increase in enquiries and turnover both of which continue to increase in the current financial year.

Chalcroft's special projects division once again had a good year as it sustained its work for Arqiva whilst continuing to gain new clients including Cummins and HF Comms.

Chalcroft Property Development Limited continues to investigate the options on its two development sites to achieve maximum profitability within the current positive market environment.

Principle risks and uncertainties

The Group is aware that it faces various risks in the future and has positioned itself to keep these to a minimum. The main risks to the business are credit, liquidity and profit margin which are all detailed below.

Credit Risk

Trade debtors pose the greatest credit risk to the business and therefore the credit department is rigorous in its collection of debt and has reduced debtor days from 21 to 9 over the last financial year. All clients are reviewed on a regular basis to monitor their credit limits and payments history. Currently the majority of clients are blue chip in nature i.e. Coca Cola, Morrisons, Princes, DFDS and St Modwen; The Group will continue to focus on securing projects from such high profile organisations in the future to minimise risk of default on debt.

Liquidity Risk

Working capital requirements are monitored on a regular basis through current and projected cash flows to ensure existing finance facilities are sufficient. The Group at present has no business loans, reflecting its current positive financial position. All banking facilities are reviewed on an annual basis to ensure their suitability for the business and have been renewed in full until 31 July 2016.

Profit Margins

The Group reviews profit margins on a monthly basis to gain a clear understanding of any issues that could materially affect its continued profitability. The company continues to enhance its margins by operational efficiencies, cost controls and procurement.

Environmental, Health & Safety

The Group recognise that Health, Safety and Welfare of all parties involved in its works, or that could be affected by its works, are of the utmost importance and place "Safety First" and the Environment as the highest priorities. The Group continue to invest in these key areas of the business year on year resulting this year in expanding its currently team of Health and Safety Managers.

CHALCROFT LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

Key performance Indicators (KPIs)

The Group uses a variety of performance measures to monitor and manage the business effectively. The most significant of these are the key performance indicators.

The key performance indicators are:

- Turnover has increased by £14,087,826 to £44,819,296 which is due to increased market activity and our new Birmingham office.
- Margins have reduced from 8.57% to 7.00% which is a result of some legacy issues.

On behalf of the board



Mr Mark Reeve

Director

18/01/2016

CHALCROFT LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2015

The directors present their report and financial statements for the year ended 30 June 2015.

Results and dividends

The results for the year are set out on page 7.

Future developments

In the forthcoming financial year Chalcroft understands that even though it has placed itself in resilient areas of the construction industry it would only be prudent to take a conservative view on projections for the forthcoming year. However business enquiries and therefore sales are forecast to be greater than last year with over £55m already secured for the financial year ending 30 June 2016.

Chalcroft continues to review its overhead on a regular basis to ensure it is competitive within its chosen markets.

Chalcroft Limited has now attained ISO14001 along with ISO9001 so that along with its Quality Management System it has a recognised Environmental Management System to further enhance efficiency and profitability.

The Group has once again enhanced its commitment to EHS and has increased the number of its full time Health and Safety Managers ensuring EHS is at the forefront of everything the Group does as it continues to expand.

Directors

The following directors have held office since 1 July 2014:

Mr Mark Reeve
Mr David Reeve
Mr S England
Mr P Morley
Mr T Hallam

Auditors

In accordance with the company's articles, a resolution proposing that Mapus-Smith & Lemmon LLP be reappointed as auditors of the company will be put at a General Meeting.

Statement of directors' responsibilities

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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


CHALCROFT LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2015

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



Mr Mark Reeve

Director

18/01/2016

CHALCROFT LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CHALCROFT LIMITED

We have audited the financial statements of Chalcroft Limited for the year ended 30 June 2015 set out on pages 7 to 19. 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).

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 auditors' 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 - 4, 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 June 2015 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.

Emphasis of matter

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 19 to the financial statements. Note 19 concerns the uncertain outcome of an appeal made against VAT penalties, in respect to prior periods, issued by HMRC totalling £291,619. The directors consider that the delayed tax provisions apply and according to the independent professional advice received by the directors, the penalty should be £18,226. A provision has been made in the financial statements as at 30 June 2015 for penalties amounting to £18,226.

The ultimate outcome of the appeal cannot presently be determined. If the appeal is unsuccessful then an additional liability of £273,393 will become due which has not been provided for in these financial statements.

CHALCROFT LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF CHALCROFT LIMITED

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

S Edwards

Mrs Sharon Edwards (Senior Statutory Auditor)
for and on behalf of Mapus-Smith & Lemmon LLP

21/01/2016

Chartered Accountants
Statutory Auditor

48 King Street
King's Lynn
Norfolk
PE30 1HE

CHALCROFT LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2015

		Year ended 30 June 2015 £	Year ended 30 June 2014 £
	Notes		
Turnover	4	44,819,296	30,731,470
Cost of sales		(41,682,322)	(28,097,111)
Gross profit		3,136,974	2,634,359
Administrative expenses		(2,691,277)	(2,426,299)
Operating profit	11	445,697	208,060
Other interest receivable and similar income	14	5	337
Interest payable and similar charges	15	(81,880)	(135,221)
Profit on ordinary activities before taxation		363,822	73,176
Tax on profit on ordinary activities	2	(47,341)	(46,922)
Profit for the year	17	316,481	26,254

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

There are no recognised gains and losses other than those passing through the profit and loss account.


CHALCROFT LIMITED

BALANCE SHEET

AS AT 30 JUNE 2015

	Notes	2015 £	£	2014 £	£
Fixed assets					
Tangible assets	5		438,821		1,542,944
Current assets					
Debtors: amounts falling due within one year	6	9,353,525		6,883,441	
Debtors: amounts falling due after more than one year	6	4,096,630		2,812,830	
Cash at bank and in hand		1,500		149,947	
		13,451,655		9,846,218	
Creditors: amounts falling due within one year	7	(10,861,674)		(8,181,275)	
Net current assets			2,589,981		1,664,943
Total assets less current liabilities			3,028,802		3,207,887
Creditors: amounts falling due after more than one year	8		(7,701)		(356,493)
Provisions for liabilities	9		(18,226)		(165,000)
			3,002,875		2,686,394
Capital and reserves					
Called up share capital	16		100		100
Other reserves	17		180,000		180,000
Profit and loss account	17		2,822,775		2,506,294
Shareholders' funds	18		3,002,875		2,686,394

Approved by the Board and authorised for issue on 18/01/2016



Mr Mark Reeve
Director

Company Registration No. 01435810

CHALCROFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company, being a subsidiary where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover in respect of construction contracts represents the invoiced value of sales recognised at the point which the company has earned the right to the income. Value Added Tax is excluded from turnover.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold property	2% straight line basis
Leasehold property improvements	2% straight line basis
Plant and machinery	20% straight line basis
Fixtures, fittings & equipment	20% - 33% straight line basis
Motor vehicles	20% straight line basis

1.5 Leasing and hire purchase commitments

The cost of assets acquired on finance leases and hire purchase agreements are capitalised and written off over their estimated useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

1.6 Long term contracts

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised when they can be reliably assessed by management and recovery is deemed to be more likely than not. Full provision is made for losses on all contracts in the year in which they are first foreseen. Amounts recoverable on contracts represents work performed in advance of the year end but not invoiced at that date.

1.7 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

CHALCROFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2015

1 Accounting policies

(Continued)

1.8 Deferred taxation

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. In accordance with Financial Reporting Standard 19, provision is made for deferred taxation in respect of all timing differences that have originated but not reversed by the balance sheet date. Provision is not made for deferred tax assets unless there is a reasonable certainty of their recover against future taxable profits. Deferred taxation balances are not discounted.

1.9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.10 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability.

Where none of the contractual terms of share capital meet the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

1.11 Related party transactions

The company has taken advantage of the exemptions available under Financial Reporting Standards 8 (revised) whereby wholly owned subsidiary undertakings do not have to disclose transactions with other wholly members of that group.

CHALCROFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2015

2	Taxation	2015 £	2014 £
	Domestic current year tax		
	U.K. corporation tax	116,543	51,558
	Adjustment for prior years	17,700	(11,994)
	Total current tax	<u>134,243</u>	<u>39,564</u>
	Deferred tax		
	Origination and reversal of timing differences	(86,902)	(15,463)
	Deferred tax adjustments arising in previous periods	-	22,821
		<u>(86,902)</u>	<u>7,358</u>
		<u>47,341</u>	<u>46,922</u>
	Factors affecting the tax charge for the period		
	Profit on ordinary activities before taxation	<u>363,822</u>	<u>73,176</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.75% (2014 - 21.00%)	<u>75,493</u>	<u>15,367</u>
	Effects of:		
	Non deductible expenses	(13,284)	9,130
	Depreciation add back	69,623	86,395
	Capital allowances	(16,993)	(61,236)
	Adjustments to previous periods	17,700	(11,994)
	Other tax adjustments	1,704	1,902
		<u>58,750</u>	<u>24,197</u>
	Current tax charge for the period	<u>134,243</u>	<u>39,564</u>

2 Going concern

The Group has fully repaid all its long term business loans and relies on an overdraft facility with its bankers for working capital. This banking facility was renewed in October 2015 until 31 July 2016.

The company has a healthy forward order book of over £55m and a number of profitable contracts which are ongoing at the present time. The directors have prepared forecasts for the period through to 30 June 2016 and these show that the Group and Company anticipates trading profitably and remaining well within its available facilities.

Based on the above, the directors have concluded that they have reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. As a result the directors have concluded that it is appropriate to continue adopting the going concern basis in preparing these financial statements.

CHALCROFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2015

4 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

5 Tangible fixed assets

	Freehold property	Leasehold property improvements	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 July 2014	357,047	56,268	49,465	684,003	1,718,498	2,865,281
Additions	2,719	12,269	-	-	203,366	218,354
Disposals	-	-	-	-	(1,631,770)	(1,631,770)
At 30 June 2015	359,766	68,537	49,465	684,003	290,094	1,451,865
Depreciation						
At 1 July 2014	90,187	6,095	41,847	602,373	581,837	1,322,339
On disposals	-	-	-	-	(611,145)	(611,145)
Charge for the year	8,266	-	4,219	69,041	220,324	301,850
At 30 June 2015	98,453	6,095	46,066	671,414	191,016	1,013,044
Net book value						
At 30 June 2015	261,313	62,442	3,399	12,589	99,078	438,821
At 30 June 2014	266,860	50,174	7,618	81,630	1,136,662	1,542,944

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and machinery	Motor vehicles	Total
	£	£	£
Net book values			
At 30 June 2015	-	30,960	30,960
At 30 June 2014	1,134	949,999	951,133
Depreciation charge for the year			
At 30 June 2015	-	7,740	7,740
At 30 June 2014	14,001	219,090	233,091

CHALCROFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2015

6 Debtors	2015 £	2014 £
Trade debtors	1,112,071	1,755,208
Amounts recoverable on long term contracts	7,756,757	5,016,772
Amounts owed by parent and fellow subsidiary undertakings	4,096,630	2,812,830
Other debtors	10,000	-
Prepayments and accrued income	387,795	111,461
Deferred tax asset (see note 9)	86,902	-
	<u>13,450,155</u>	<u>9,696,271</u>

Amounts falling due after more than one year and included in the debtors above are:

	2015 £	2014 £
Amounts owed by group undertakings	<u>4,096,630</u>	<u>2,812,830</u>

Whilst there are no terms relating to the amount owed by the group undertakings, these relate mainly to the parent undertaking and therefore are unlikely to be repaid in the foreseeable future since the parent's main asset is its investment in this company.

CHALCROFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2015

7	Creditors: amounts falling due within one year	2015	2014
		£	£
	Bank loans and overdrafts	1,710,858	-
	Net obligations under hire purchase contracts	21,189	409,114
	Trade creditors	8,659,484	6,913,635
	Corporation tax	116,543	51,558
	Other taxes and social security costs	261,206	687,685
	Other creditors	(301)	2,556
	Accruals and deferred income	92,695	116,727
		<u>10,861,674</u>	<u>8,181,275</u>

Hire purchase creditors are secured by the assets to which they relate.

It is a condition of the bank overdraft facility that the amount owing shall be secured as follows:

- the bank overdraft is secured by legal charges dated 11 May 2007 and 11 May 2011 over various commercial and residential freehold land and buildings owned by the group.
- an omnibus guarantee and set off agreement dated 20 April 2009 between the bank, Chalcroft Holdings Limited and Chalcroft Limited.
- an unlimited debenture dated 11 May 2007 from Chalcroft Holdings Limited.
- an omnibus guarantee and set off agreement dated 5 January 2012 between the bank, Chalcroft Holdings Limited, Chalcroft Limited and Chalcroft Property Developments Limited.

8	Creditors: amounts falling due after more than one year	2015	2014
		£	£
	Net obligations under hire purchase contracts	<u>7,701</u>	<u>356,493</u>
	Hire purchase creditors are secured by the assets to which they relate.		
	Net obligations under hire purchase contracts		
	Repayable within one year	21,189	409,114
	Repayable between one and five years	7,701	356,493
		<u>28,890</u>	<u>765,607</u>
	Included in liabilities falling due within one year	(21,189)	(409,114)
		<u>7,701</u>	<u>356,493</u>

CHALCROFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2015

9 Provisions for liabilities

	Other £
Balance at 1 July 2014	165,000
Profit and loss account	(146,774)
	<u>18,226</u>
Balance at 30 June 2015	<u>18,226</u>

The deferred tax asset (included in debtors, note 6) is made up as follows:

	2015 £	
Profit and loss account	(86,902)	
	<u>(86,902)</u>	
	2015 £	2014 £
(Decelerated)/accelerated capital allowances	(86,902)	-
	<u>(86,902)</u>	<u>-</u>

10 Retirement Benefits

Defined contribution scheme

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

	2015 £	2014 £
Contributions payable by the company for the year	19,499	-
	<u>19,499</u>	<u>-</u>

CHALCROFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2015

11	Operating profit	2015	2014
		£	£
	Operating profit is stated after charging:		
	Depreciation of tangible assets	301,850	398,403
	Loss on disposal of tangible assets	33,683	13,000
	Loss on foreign exchange transactions	4,992	-
	Operating lease rentals		
	- Plant and machinery	319	1,147
	- Other assets	43,244	39,606
		<u> </u>	<u> </u>
	Auditors' remuneration		
	Fees payable to the company's auditor for the audit of the company's annual accounts	15,000	15,000
	Tax compliance	-	5,000
		<u> </u>	<u> </u>
		15,000	20,000
		<u> </u>	<u> </u>
12	Employees		
	Number of employees		
	The average monthly number of employees (including directors) during the year was:		
		2015	2014
		Number	Number
	Administration	64	58
	Production	21	18
		<u> </u>	<u> </u>
		85	76
		<u> </u>	<u> </u>
	Employment costs	2015	2014
		£	£
	Wages and salaries	2,683,630	2,322,691
	Social security costs	253,732	395,985
	Other pension costs	19,499	-
		<u> </u>	<u> </u>
		2,956,861	2,718,676
		<u> </u>	<u> </u>

CHALCROFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2015

13	Directors' remuneration	2015 £	2014 £
		=====	=====
	During the year, no director received any emoluments (2014 - £0) from this company.		
14	Investment income	2015 £	2014 £
	Bank interest	5	337
		=====	=====
		5	337
		=====	=====
15	Interest payable	2015 £	2014 £
	On bank loans and overdrafts	29,812	47,241
	Hire purchase interest	43,291	87,980
	On overdue tax	8,777	-
		=====	=====
		81,880	135,221
		=====	=====
16	Share capital	2015 £	2014 £
	Allotted, called up and fully paid		
	100 Ordinary of £1 each	100	100
		=====	=====
17	Statement of movements on reserves	Other reserves (see below) £	Profit and loss account £
	Balance at 1 July 2014	180,000	2,506,294
	Profit for the period	-	316,481
		=====	=====
	Balance at 30 June 2015	180,000	2,822,775
		=====	=====
	Other reserves		
	Capital redemption reserve		
	Balance at 1 July 2014 & at 30 June 2015	180,000	
		=====	

CHALCROFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2015

18 Reconciliation of movements in Shareholders' funds	2015 £	2014 £
Profit for the financial year	316,481	26,254
Opening Shareholders' funds	2,686,394	2,660,140
	<hr/>	<hr/>
Closing Shareholders' funds	3,002,875	2,686,394
	<hr/>	<hr/>

19 Contingent liabilities

Performance bonds

The company has entered into performance bonds in the ordinary course of business. At 30 June 2015, indemnities outstanding amounted to £1,238,127 (2014 - £1,614,499).

Bank cross guarantee

The banking facilities of the parent company, Chalcroft Holdings Limited, and fellow group subsidiary, Chalcroft Property Developments Limited, are secured by cross guarantee and omnibus letter of set-off dated 5 January 2012. At the year end these amounted to £2,000,002 (2014 - £2,900,000), full details are set out in the group consolidated financial statements.

VAT matters

During the year ended 30 June 2013, irregularities in the Group's VAT affairs came to light. The irregularities enabled the Group to obtain a temporary but significant cash flow advantage over an extended period of time. No individual made any personal financial gain from the arrangement, and the position has now been regularised and all the related amounts of VAT, together with interest, paid over to HMRC. The directors have made full disclosure to HMRC, and have co-operated fully and openly with all of HMRC's ongoing enquiries in respect of the matter. An assessment has been issued by HMRC for penalties which arise as a result of the misdeclaration of VAT. This penalty is currently still under appeal and following recent HMRC correspondence and professional advice the directors have estimated the penalty provision at £18,226. The directors feel the provision made in these financial statements is a full account of the probable outcome and that the likelihood of any further penalty is remote.

CHALCROFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2015

20 Financial commitments

At 30 June 2015 the company was committed to making the following payments under non-cancellable operating leases in the year to 30 June 2016:

	Land and buildings	
	2015	2014
	£	£
Operating leases which expire:		
Within one year	-	15,000
Between two and five years	27,950	12,250
	<u>27,950</u>	<u>27,250</u>

21 Control

The company is a wholly owned subsidiary of Chalcroft Holdings Limited. The company is registered in England. Consolidated accounts are available from Companies House, Cardiff, CF4 3UZ.

In the opinion of the directors there is no single ultimate controlling party within Chalcroft Holdings Limited.

22 Related party transactions

The company has taken advantage of the exemption available in accordance with FRS 8 'Related party disclosures' not to disclose transactions entered into between two or more members of a group, as the company is a wholly owned subsidiary undertaking of the group to which it is party to the transactions.