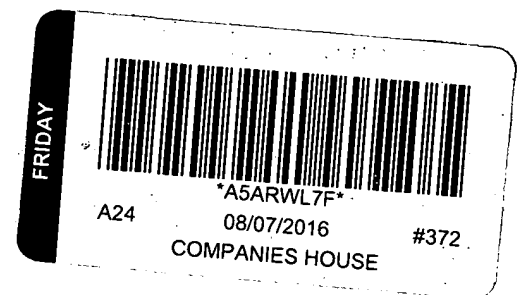


**COMPANY REGISTRATION NUMBER: 01493003**

**Alun Griffiths (Contractors) Limited**

**Financial Statements**

**31 December 2015**



**JAMES & UZZELL LTD**

**Chartered Certified Accountants & Statutory Auditor**

**Axis 15, Axis Court**

**Mallard Way**

**Riverside Business Park**

**Swansea**

**SA7 0AJ**

**Alun Griffiths (Contractors) Limited**

**Financial Statements**

**Year ended 31 December 2015**

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**Alun Griffiths (Contractors) Limited**

**Officers and Professional Advisers**

**The board of directors**

Mr A Griffiths  
Mr W Griffiths  
Mrs P Griffiths  
Mrs E Marlborough

**Company secretary**

Mr W Brown - resigned 30 June 2015

**Registered office**

Waterways House  
Merthyr Road  
Llanfoist  
Abergavenny  
NP7 9PE

**Auditor**

James & Uzzell Ltd  
Chartered Certified Accountants & Statutory Auditor  
Axis 15, Axis Court  
Mallard Way  
Riverside Business Park  
Swansea  
SA7 0AJ

## **Alun Griffiths (Contractors) Limited**

### **Strategic Report**

**Year ended 31 December 2015**

The directors present their strategic report for the year ended 31st December 2015.

#### **REVIEW OF BUSINESS**

The company undertakes civil engineering and buildings activities in England and Wales for both Public and Private Clients. It constantly reviews its position and performance and evaluates alternative and new markets for the purposes of advancement, efficiency and effectiveness. During the year, the Rail division within the company has successfully added to the company's portfolio of contracts.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The company operates in a highly regulated market, where Health & Safety and other statutory compliances are strictly monitored and the company manages these risks by providing staff & operatives qualified to the appropriate industry regulatory standards.

The company continues to invest heavily in capital expenditure in providing its clients with a fully holistic service from in house resources.

Alun Griffiths (Contractors) Limited has built a strong reputation within its operating area through high standards of workmanship and its commitment to meet the specific requirements of its clients.

The company's trading activities are all within in the United Kingdom and therefore does not expose itself to fluctuating exchange rates.

#### **DEVELOPMENT AND PERFORMANCE**

The directors aim to maintain the management policies which have resulted in the company's growth in previous years. They consider that the company will continue to be profitable in the current year and build a strong financial position.

Major projects have been secured during 2015 and the company has strategically placed its resources to enable itself to carry out such contracts.

Further expansion of the Rail division is underway and is a focus area for 2016. The company continues to commit to joint arrangements in order to secure work.

Management are working to key factors to enhance results in 2016. These include optimising site efficiencies, focused tendering and optimising financial entitlement.

#### **FINANCIAL KEY PERFORMANCE INDICATORS**

The results for the financial year are set out in the profit and loss account on page 8 and the financial position of the company at 31st December 2015 is shown on page 9. The undernoted schedule summarises recent performance and the year end results are comparable with industry norms.

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Turnover	<b>104,846</b>	91,058	89,594	79,217	81,290
Gross Profit	<b>8,291</b>	6,853	5,658	6,155	5,802
Net profit/loss before tax and exceptional items	<b>2,051</b>	1,432	1,072	1,072	1,065
<b>Profit Ratio</b>					
Gross profit %	<b>8</b>	8	6	8	7
Net profit % before tax and exceptional items	<b>2</b>	2	1	1	1

## **Alun Griffiths (Contractors) Limited**

### **Strategic Report *(continued)***

**Year ended 31 December 2015**

## **NON FINANCIAL KEY PERFORMANCE INDICATORS**

### **SUSTAINABILITY**

We understand that our business doesn't exist in isolation. Everything we do has an effect on the world around us. Our approach to sustainability ensures that we minimise any negative impacts whilst enhancing the built environment, economy and communities in which we work.

We believe sustainability to be developing the built environment to improve the lives of our clients, our people, our supply chain, our stakeholders and the communities in which we work without compromising the needs of future generations.

### **HEALTH & SAFETY**

The health & safety of its workforce and staff with responsibility to third parties is a principal priority of the company. This is embraced with a focus on a behavioural based approach which is planned to underpin all activities and drive improvement strategy for health & safety issues forward. The target accident frequency rate for 2016 is 1.18 following a satisfactory decrease in the rate during 2015.

The company has achieved Gold Standard status with RoSPA. A programme of Behavioural based safety will be implemented in 2016.

### **TRAINING**

Focus has been on attracting and developing apprentices into the company. During 2015 over 24 apprentices/graduates were supported in a wide variety of disciplines. A commitment in this field was recognised with awards for the trainees' achievements by the Institution of Civil Engineers and the Civil Engineers Contractors Association.

The company has a dedicated HR Manager to strengthen commitment to training and best practice in this field.

### **ENVIRONMENT**

The company recognises its responsibilities in continually minimising the impact of activities on the environment. Having made considerable advancements in reducing fleet carbon footprint previously it continually invests in new technologies to make savings of approximately 10% per annum.

### **QUALITY**

The company operates with a culture of "Right First Time." Accordingly the company provides the competencies and quality control systems to ensure best quality work is delivered to the agreed requirements and standards. Developed over the past 10 years the company IMS encompasses the three main registrations namely: Quality to BE EN ISO 9001:2008; Environment to BS EN ISO 14001:2004 and Health & Safety to OHSAS 18001:2007. Each Individual system is backed up by Company procedures which are enhanced by the introduction of contract specific issues in the form of a Contract IMS Plan. The Contract IMS Plan is specifically developed for the contract to ensure all legal, contractual and employer specific requirements are fully met.

**Alun Griffiths (Contractors) Limited**

**Strategic Report** *(continued)*

**Year ended 31 December 2015**

This report was approved by the board of directors on ....17/06/16... and signed on behalf of the board by:



**Mr A Griffiths**  
Director

## **Alun Griffiths (Contractors) Limited**

### **Directors' Report**

**Year ended 31 December 2015**

The directors present their report and the financial statements of the company for the year ended 31 December 2015.

#### **DIRECTORS**

The directors who served the company during the year were as follows:

Mr A Griffiths  
Mr W Griffiths  
Mrs P Griffiths  
Mrs E Marlborough

#### **DIVIDENDS**

Particulars of recommended dividends are detailed in note 11 to the financial statements.

#### **FUTURE DEVELOPMENTS**

The directors are optimistic regarding the future prospects of the company and consider that the current year will continue to be profitable. The company has maintained its long standing relationship with a number of customers and suppliers in the UK and aims to expand its customer base in the coming year. See the strategic report for current year objectives.

#### **DISABLED EMPLOYEES**

Disabled persons are employed by the company when they appear to be suited to a particular position. The aptitude and abilities of disabled persons are more easily met in certain aspects of the company's business and every effort is made to ensure that they are given full and fair consideration.

#### **EMPLOYEE INVOLVEMENT**

The company is committed to its policy of training and developing its workforce to ensure its client needs and expectations are met to the highest standard. The company is committed to communicating to employees any matters that affect their work and encourage employees to express their views in helping the company achieve long term success.

#### **FINANCIAL INSTRUMENTS**

The company's financial assets and liabilities consist of fixed assets, trade debtors and creditors, cash balances, bank loans and finance leases. The company's exposure to financial risk is low as its clients are mainly local authorities or other public bodies.

#### **RESEARCH AND DEVELOPMENT**

The company has implemented a policy of investment in research and development in order to create a competitive position in the market.

#### **STRATEGIC REPORT**

The company has chosen in accordance with section 414C(11) of Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

#### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

## **Alun Griffiths (Contractors) Limited**

### **Directors' Report** *(continued)*

**Year ended 31 December 2015**

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

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

#### **DISCLOSURE OF INFORMATION TO THE AUDITORS**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**Alun Griffiths (Contractors) Limited**

**Directors' Report** *(continued)*

**Year ended 31 December 2015**

This report was approved by the board of directors on .....17/06/16..... and signed on behalf of the board by:



**Mr A Griffiths**  
Director

## **Alun Griffiths (Contractors) Limited**

### **Independent Auditor's Report to the Shareholder of Alun Griffiths (Contractors) Limited**

**Year ended 31 December 2015**

We have audited the financial statements of Alun Griffiths (Contractors) Limited for the year ended 31 December 2015 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's shareholder, 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 shareholder 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 shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and the directors' 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 31 December 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.

#### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

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

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report and Strategic Report.

**Alun Griffiths (Contractors) Limited**

**Independent Auditor's Report to the Shareholder of Alun Griffiths (Contractors) Limited (continued)**

**Year ended 31 December 2015**

**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.



**ALISON JAYNE UZZELL FCCA (Senior Statutory Auditor)**

For and on behalf of  
James & Uzzell Ltd  
Chartered Certified Accountants & Statutory Auditor  
Axis 15, Axis Court  
Mallard Way  
Riverside Business Park  
Swansea  
SA7 0AJ

Dated : 17.6.16.

**Alun Griffiths (Contractors) Limited****Statement of Comprehensive Income****Year ended 31 December 2015**

		<b>2015</b>	<b>2014</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
<b>TURNOVER</b>	<b>3</b>	<b>104,845,921</b>	<b>91,057,830</b>
Cost of sales		<b>96,554,628</b>	<b>84,205,129</b>
<b>GROSS PROFIT</b>		<b>8,291,293</b>	<b>6,852,701</b>
Exceptional item		<b>838,924</b>	<b>—</b>
Administrative expenses		<b>6,177,990</b>	<b>5,352,734</b>
Other operating income		<b>7,200</b>	<b>7,200</b>
<b>OPERATING PROFIT</b>	<b>4</b>	<b>1,281,579</b>	<b>1,507,167</b>
Other interest receivable and similar income		<b>23,571</b>	<b>19,092</b>
Interest payable and similar charges	<b>9</b>	<b>92,648</b>	<b>94,231</b>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>1,212,502</b>	<b>1,432,028</b>
Tax on profit on ordinary activities	<b>10</b>	<b>202,313</b>	<b>29,429</b>
<b>PROFIT FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE INCOME</b>		<b>1,010,189</b>	<b>1,402,599</b>

All the activities of the company are from continuing operations.

The notes on pages 13 to 25 form part of these financial statements.

**Alun Griffiths (Contractors) Limited**

**Statement of Financial Position**

**31 December 2015**

	Note	2015 £	2014 £
<b>FIXED ASSETS</b>			
Tangible assets	12	3,946,395	3,703,725
<b>CURRENT ASSETS</b>			
Debtors	13	17,291,321	16,332,087
Cash at bank and in hand		5,539,214	6,965,533
		<u>22,830,535</u>	<u>23,297,620</u>
<b>CREDITORS: amounts falling due within one year</b>	14	<u>21,893,661</u>	<u>22,343,016</u>
<b>NET CURRENT ASSETS</b>		<u>936,874</u>	<u>954,604</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>4,883,269</u>	<u>4,658,329</u>
<b>CREDITORS: amounts falling due after more than one year</b>	15	1,209,173	1,994,975
<b>PROVISIONS</b>			
Taxation including deferred tax	17	<u>297,091</u>	<u>296,538</u>
<b>NET ASSETS</b>		<u>3,377,005</u>	<u>2,366,816</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	562,709	562,709
Revaluation reserve	20	480,000	480,000
Profit and loss account	20	<u>2,334,296</u>	<u>1,324,107</u>
<b>SHAREHOLDER FUNDS</b>		<u>3,377,005</u>	<u>2,366,816</u>

These financial statements were approved by the board of directors and authorised for issue on 17/06/16, and are signed on behalf of the board by:



**Mr A Griffiths**  
Director

Company registration number: 01493003

The notes on pages 13 to 25 form part of these financial statements.

**Alun Griffiths (Contractors) Limited**

**Statement of Changes in Equity**

**Year ended 31 December 2015**

	Called up share capital £	Revaluation reserve £	Profit and loss account £	<b>Total £</b>
<b>AT 1 JANUARY 2014 (AS PREVIOUSLY REPORTED)</b>	562,709	600,000	1,136,508	2,299,217
Prior period adjustments	—	(120,000)	—	(120,000)
<b>AT 1 JANUARY 2014 (RESTATED)</b>	<u>562,709</u>	<u>480,000</u>	<u>1,136,508</u>	<u>2,179,217</u>
Profit for the year	—	—	1,402,599	1,402,599
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	—	—	1,402,599	1,402,599
Dividends paid and payable 11	—	—	(1,215,000)	(1,215,000)
<b>TOTAL INVESTMENTS BY AND DISTRIBUTIONS TO OWNERS</b>	—	—	(1,215,000)	(1,215,000)
<b>AT 31 DECEMBER 2014 (AS PREVIOUSLY REPORTED)</b>	562,709	600,000	1,324,107	2,486,816
Prior period adjustments	—	(120,000)	—	(120,000)
<b>AT 31 DECEMBER 2014 (RESTATED)</b>	<u>562,709</u>	<u>480,000</u>	<u>1,324,107</u>	<u>2,366,816</u>
Profit for the year	—	—	1,010,189	1,010,189
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	—	—	1,010,189	1,010,189
<b>AT 31 DECEMBER 2015</b>	<u>562,709</u>	<u>480,000</u>	<u>2,334,296</u>	<u>3,377,005</u>

The notes on pages 13 to 25 form part of these financial statements.

# **Alun Griffiths (Contractors) Limited**

## **Notes to the Financial Statements**

**Year ended 31 December 2015**

### **1. STATEMENT OF COMPLIANCE**

These financial statements have been prepared in compliance with FRS102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' and the Companies Act 2006.

### **2. ACCOUNTING POLICIES**

#### **Basis of preparation**

Alun Griffiths (Contractors)Limited is a limited company incorporated in the United Kingdom. The address of the registered office is given in the company information on page 1 of these financial statements. The nature of the company's operations and principal activities is Civil Engineering & Rail work.

These financial statements are the company's separate financial statements.

These financial statements cover the twelve months ending 31st December 2015.

The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the company and rounded to the nearest £1.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

#### **Going concern**

The company meets its day-to-day working capital requirements through its bank facilities. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facilities. After making enquiries, the directors have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

#### **Transition to FRS 102**

The entity transitioned from previous UK GAAP to FRS 102 as at 1 January 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 23.

#### **Disclosure exemptions**

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Purple Alpha Limited which can be obtained from the registered office. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the company.
- (b) Key management personnel compensation has not been presented for the company.

## **Alun Griffiths (Contractors) Limited**

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

**Year ended 31 December 2015**

## **2. ACCOUNTING POLICIES *(continued)***

### **Revenue recognition**

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of discounts and of Value Added Tax.

#### **a) Accrued Income, Revenue Recognition & Long Term Contracts**

Accrued income is valued at selling price in line with FRS102, based on surveyor's certificates and measured calculations. Accrued income includes retentions made by customers for a period of time after completion of contracts.

Long term contract balances are assessed on a contract by contract basis and are reflected in the profit and loss account as the work is certified and invoiced as the contract progresses. Any expected losses on long term contracts are recognised immediately and are written off to the profit and loss account. Where it is considered that the outcome of a long term contract can be assessed with reasonable certainty before its conclusion, the prudently calculated attributable profit is recognised in the profit and loss account as the difference between reported turnover and related costs for that contract.

On short term contracts, turnover and profits are recognised when invoices are raised for certified work undertaken.

#### **b) Interest**

Interest income is recognised using the effective interest method.

### **Jointly Controlled Operations**

The group has certain contractual agreements with other participants to engage in joint activities that do not create an entity carrying on a trade or business of its own. The company includes the share of its assets, liabilities, turnover and costs in such jointly controlled operation, measured in accordance with the terms of the arrangement, pro rata to the company's interest in the jointly controlled operation.

### **Exceptional items**

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

### **Income tax**

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in respect of all timing differences at the reporting date. 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 using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

## **Alun Griffiths (Contractors) Limited**

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

**Year ended 31 December 2015**

## **2. ACCOUNTING POLICIES *(continued)***

### **Tangible assets**

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

### **Depreciation**

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold Buildings	-	2% per annum less residual value
Freehold Land	-	0%
Plant and Machinery	-	15% reducing balance
Fixtures and Fittings	-	30% reducing balance

### **Impairment**

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

### **Provisions**

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

### **Employee benefits**

When employees have rendered service to the company, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund. When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

## **Alun Griffiths (Contractors) Limited**

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

**Year ended 31 December 2015**

#### **2. ACCOUNTING POLICIES *(continued)***

##### **Debtors and creditors receivable**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

##### **Loans and borrowings**

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at present value.

##### **Critical accounting estimates and assumptions**

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below

###### **(i) Useful economic lives of tangible assets**

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the property plant and equipment, and the depreciation accounting policy for the useful economic lives for each class of assets.

###### **(ii) Impairment of debtors**

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 13 for the net carrying amount of the debtors and associated impairment provision.

###### **(iii) Accounting for construction contracts**

Recognition of turnover and profit is based on judgments made in respect of the ultimate profitability of a contract. Such judgments are arrived at through the use of estimate in relation to costs and value of work performed to date and to be performed in bringing contracts to completion, including satisfaction of maintenance responsibilities. These estimates are made by reference to recovery of pre-contract costs, surveys of progress against the construction programme, changes in work scope, the contractual terms under which the work is being performed, including the recoverability of any unagreed income from variations and the likely outcome of discussions on claims, costs incurred and external certification of the work performed. The Company has appropriate control procedures to ensure all estimates are determined on a consistent basis and subject to appropriate review and authorisation.

**Alun Griffiths (Contractors) Limited****Notes to the Financial Statements (continued)****Year ended 31 December 2015****3. TURNOVER**

Turnover arises from:

	2015	2014
	£	£
Civil Engineering	89,851,920	75,013,297
Rail	13,501,806	14,457,533
Surfacing	1,492,195	1,587,000
	<u>104,845,921</u>	<u>91,057,830</u>

All turnover is within the United Kingdom.

All of the above categories of turnover are from construction contracts.

Included in Trade Debtors are amounts due from construction contracts of £10,575,999 (2014: £9,654,221).

**4. OPERATING PROFIT**

Operating profit or loss is stated after charging:

	2015	2014
	£	£
Depreciation of tangible assets	35,459	38,924
Research and development expenditure written off	500,000	325,000
Defined contribution plans expense	526,790	469,613
Exceptional item	<u>838,924</u>	<u>-</u>

**5. AUDITOR'S REMUNERATION**

	2015	2014
	£	£
Fees payable for the audit of the financial statements	<u>33,482</u>	<u>29,115</u>

In accordance with SI 2008/489 the company has not disclosed the fees payable to the company's auditor for 'Other services' as this information is included in the consolidated financial statements of Purple Alpha Limited.

**6. STAFF COSTS**

The average number of persons employed by the company during the year, including the directors, amounted to:

	2015	2014
	No.	No.
Production staff	376	357
Administrative staff	148	129
	<u>524</u>	<u>486</u>

**Alun Griffiths (Contractors) Limited**

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

**Year ended 31 December 2015**

**6. STAFF COSTS (continued)**

The aggregate payroll costs incurred during the year, relating to the above, were:

	2015	2014
	£	£
Wages and salaries	17,820,660	15,347,234
Social security costs	2,015,348	1,730,674
Other pension costs	526,790	469,613
	<u>20,362,798</u>	<u>17,547,521</u>

**7. DIRECTORS' REMUNERATION**

The directors aggregate remuneration in respect of qualifying services was:

	2015	2014
	£	£
Remuneration	<u>17,407</u>	<u>149,220</u>

**8. EXCEPTIONAL ITEMS**

	2015	2014
	£	£
Exceptional amounts written off current assets	<u>838,924</u>	<u>—</u>

The following intercompany balances with related companies were written off during the year.

	2015	2014
	£	£
United Recycled Aggregates Limited	<u>838,924</u>	<u>—</u>

**9. INTEREST PAYABLE AND SIMILAR CHARGES**

	2015	2014
	£	£
Interest on banks loans and overdrafts	92,072	91,155
Other interest payable and similar charges	576	3,076
	<u>92,648</u>	<u>94,231</u>

**Alun Griffiths (Contractors) Limited**

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

**Year ended 31 December 2015**

**10. TAX ON PROFIT ON ORDINARY ACTIVITIES**

**Major components of tax expense**

	2015 £	2014 £
<b>Current tax:</b>		
UK current tax expense	215,634	163,901
Adjustments in respect of prior periods	(13,874)	(71,175)
Total current tax	<u>201,760</u>	<u>92,726</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	553	(63,297)
<b>Tax on profit on ordinary activities</b>	<u>202,313</u>	<u>29,429</u>

**Reconciliation of tax expense**

The tax assessed on the profit on ordinary activities for the year is lower than (2014: lower than) the standard rate of corporation tax in the UK of 20% (2014: 21.50%).

	2015 £	2014 £
Profit on ordinary activities before taxation	1,212,502	1,432,028
Profit on ordinary activities by rate of tax	242,500	307,886
Adjustment to tax charge in respect of prior periods	(13,874)	(71,175)
Effect of expenses not deductible for tax purposes	44,522	(64,316)
Effect of capital allowances and depreciation	(553)	16,522
Effect of different UK tax rates on some earnings	2,626	-
Utilisation of tax losses	(73,461)	(96,139)
Rounding on tax charge	-	(52)
Deferred Tax	553	(63,297)
<b>Tax on profit on ordinary activities</b>	<u>202,313</u>	<u>29,429</u>

**11. DIVIDENDS**

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2015 £	2014 £
Dividends	-	1,215,000

**Alun Griffiths (Contractors) Limited**

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

**Year ended 31 December 2015**

**12. TANGIBLE ASSETS**

	Land & Buildings £	Plant and machinery £	Fixtures and fittings £	Total £
<b>Cost</b>				
At 1 January 2015	3,530,281	240,116	114,049	<b>3,884,446</b>
Additions	244,687	29,230	4,212	<b>278,129</b>
<b>At 31 December 2015</b>	<b>3,774,968</b>	<b>269,346</b>	<b>118,261</b>	<b>4,162,575</b>
<b>Depreciation</b>				
At 1 January 2015	–	107,579	73,142	<b>180,721</b>
Charge for the year	–	22,420	13,039	<b>35,459</b>
<b>At 31 December 2015</b>	<b>–</b>	<b>129,999</b>	<b>86,181</b>	<b>216,180</b>
<b>Carrying amount</b>				
<b>At 31 December 2015</b>	<b>3,774,968</b>	<b>139,347</b>	<b>32,080</b>	<b>3,946,395</b>
At 31 December 2014	3,530,281	132,537	40,907	3,703,725

The net book value of land and buildings at the year end comprised:

	2015 £	2014 £
Freehold Land	37,000	37,000
Freehold Buildings	3,737,968	3,493,281
	<b>3,774,968</b>	<b>3,530,281</b>

Tangible fixed assets with a net book value of £3,439,437 (2014: £3,439,437) have been pledged as security for liabilities of the company.

Freehold land and buildings have been valued using the fair value model under FRS102. The last professional valuation was undertaken in May 2011. The valuation during the year was undertaken by the director, Mr Griffiths, although he is not professionally qualified, he has extensive knowledge of properties in the relevant areas and has built up a property portfolio over many years. The methods and significant assumptions used to ascertain the fair value of £3,774,968 are as follows:

There has not been significant movement in the property values, within these locations, since the latest professional valuations.

Expenditure has been incurred to maintain the properties at their current standard.

The properties are still in use and no physical damage is evident.

**Alun Griffiths (Contractors) Limited****Notes to the Financial Statements (continued)****Year ended 31 December 2015****13. DEBTORS**

	2015 £	2014 £
Trade debtors	5,639,331	4,922,689
Amounts owed by group undertakings	2,611,157	1,935,610
Amounts owed by undertakings in which the company has a participating interest	—	305
Accrued Income	4,936,669	4,731,532
Other debtors	4,104,164	4,741,951
	<u>17,291,321</u>	<u>16,332,087</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are payable on demand.

**14. CREDITORS: amounts falling due within one year**

	2015 £	2014 £
Bank loans and overdrafts	254,664	161,874
Trade creditors	16,254,149	14,051,664
Amounts owed to group undertakings	—	4,489
Amounts owed to undertakings in which the company has a participating interest	—	3,030
Accruals and deferred income	3,426,066	6,054,017
Corporation tax	215,634	72,934
Social security and other taxes	1,743,148	1,994,855
Other creditors	—	153
	<u>21,893,661</u>	<u>22,343,016</u>

**15. CREDITORS: amounts falling due after more than one year**

	2015 £	2014 £
Bank loans and overdrafts	1,209,173	1,314,050
Trade creditors	—	175,000
Other creditors	—	505,925
	<u>1,209,173</u>	<u>1,994,975</u>

Included within creditors: amounts falling due after more than one year is an amount of £83,504 (2014: £666,558) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

**Alun Griffiths (Contractors) Limited**

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

**Year ended 31 December 2015**

**15. CREDITORS: amounts falling due after more than one year (continued)**

The two bank loans are repayable over 10 years by monthly instalments bearing interest at 5.62% and 5.33%.

The aggregate of secured liabilities falling due within one year is £254,664. (2014: £161,873) The aggregate of secured liabilities falling due after one year is £1,209,173. (2014: £1,314,050)

The bank loan is secured by a legal charge over the company's properties.

**16. DEFERRED TAX**

The deferred tax included in the statement of financial position is as follows:

	2015 £	2014 £
Included in provisions (note 17)	<u>297,091</u>	<u>296,538</u>

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

	2015 £	2014 £
Accelerated capital allowances	<u>297,901</u>	<u>296,538</u>

The net deferred tax liability expected to reverse in 2015 is £59,418. This primarily relates to the reversal of timing differences on capital allowances.

**17. PROVISIONS**

	Deferred tax (note 16) £
At 1 January 2015	296,538
Charge against provision	553
At 31 December 2015	<u>297,091</u>

**18. EMPLOYEE BENEFITS**

**Defined contribution plans**

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £526,790 (2014: £469,613).

**Alun Griffiths (Contractors) Limited**

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

**Year ended 31 December 2015**

**19. CALLED UP SHARE CAPITAL**

**Issued, called up and fully paid**

	2015		2014	
	No.	£	No.	£
Ordinary shares of £1 each	<u>562,709</u>	<u>562,709</u>	<u>562,709</u>	<u>562,709</u>

**20. RESERVES**

Revaluation reserve - This reserve records the value of asset revaluations and fair value movements on assets recognised in other comprehensive income.

Profit and loss account - This reserve records retained earnings and accumulated losses.

**21. CONTINGENCIES**

The company is a member of a group VAT registration. The other companies within the VAT group are United Joinery Limited, Wales & Border Counties Plant Hire Limited and United Recycled Aggregates Limited & it's joint ventures. The balances due by United Joinery Limited, Wales & Border Counties Plant Hire Limited & United Recycled Aggregates Limited & it's joint ventures at the year end are not considered to be material.

Alun Griffiths (Contractors) Limited guarantees the Hire Purchase balance of Recycled Stone & Soils Limited. The balance at the year end was £nil. (2014: £30,861).

## **Alun Griffiths (Contractors) Limited**

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

**Year ended 31 December 2015**

#### **22. RELATED PARTY TRANSACTIONS**

The immediate parent of the company is Purple Alpha Limited. The group accounts are available to the public and can be obtained from the registered office of Purple Alpha Limited.

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

Information about related party transactions and outstanding balances is outlined below:

##### **Entities over which the entity has control, joint control or significant influence**

Aggregate related party transactions with Entities over which the entity has control, joint control or significant influence:

	2015 £	2014 £
Balance due (to)/from related parties	4,003,831	4,315,856
Rent Paid to related parties	—	—
Purchases	5,196,763	5,174,387
Recharges & Transfers	4,802,400	5,523,626
Fixed Asset sales to related parties	—	66,261
Intercompany written off	838,924	—

Included in note 8 is an exceptional item in relation to an intercompany write off of £584,346 in respect of the United Recycled Aggregates Limited balance and a further £254,578 was made in relation to the intercompany balance with the joint arrangement within United Recycled Aggregates Limited.

##### **Other related parties**

Aggregate related party transactions with other related parties:

	2015 £	2014 £
Balance due (to)/from related parties	—	6,900
Rent Paid to related parties	57,000	57,000
Purchases	193,413	214,247
Payments made on behalf of related parties	207,532	133,591
Bad debts written off in the year	205,252	133,591
Intercompany written off	9,774	—

The company undertakes various projects in jointly controlled operations with Swansea Highways Partnership.

Each participant in the jointly controlled operation, that is not an entity, account for their own assets, liabilities and cashflows, measure according to the terms of the agreement governing the arrangements.

Intercompany loans are repayable within one year. Interest is not charged on loans to related parties and no securities are held in relation to intercompany loans.

#### **23. TRANSITION TO FRS 102**

These are the first financial statements that comply with FRS 102. The company transitioned to FRS 102 on 1 January 2014.

**Alun Griffiths (Contractors) Limited**

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

**Year ended 31 December 2015**

**23. TRANSITION TO FRS 102 (continued)**

**Reconciliation of equity**

	<b>1 January 2014</b>			<b>31 December 2014</b>		
	As previously stated £	Effect of transition £	FRS 102 (as restated) £	As previously stated £	Effect of transition £	FRS 102 (as restated) £
Fixed assets	3,767,511	–	3,767,511	3,703,725	–	3,703,725
Current assets	19,254,377	–	19,254,377	23,297,620	–	23,297,620
Creditors: amounts falling due within one year	(18,290,348)	–	(18,290,348)	(22,343,016)	–	(22,343,016)
Net current assets	<u>964,029</u>	<u>–</u>	<u>964,029</u>	<u>954,604</u>	<u>–</u>	<u>954,604</u>
Total assets less current liabilities	4,731,540	–	4,731,540	4,658,329	–	4,658,329
Creditors: amounts falling due after more than one year	(2,192,488)	–	(2,192,488)	(1,994,975)	–	(1,994,975)
Provisions	(239,835)	(120,000)	(359,835)	(176,538)	(120,000)	(296,538)
Net assets	<u>2,299,217</u>	<u>(120,000)</u>	<u>2,179,217</u>	<u>2,486,816</u>	<u>(120,000)</u>	<u>2,366,816</u>
Capital and reserves	<u>2,299,217</u>	<u>(120,000)</u>	<u>2,179,217</u>	<u>2,486,816</u>	<u>(120,000)</u>	<u>2,366,816</u>

**Reconciliation of profit or loss for the year**

No transitional adjustments were required.

Under previous UK GAAP the company was not required to provide for taxation on revaluations, unless the company had entered into a binding sale agreement and recognised the gain or loss expected to arise. Under FRS 102 deferred taxation is provided on the temporary difference arising from the revaluation. A deferred tax charge of £120,000 arose on transition to FRS 102.