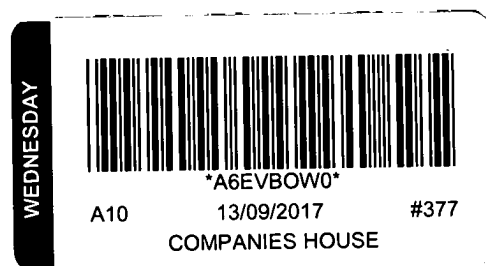


COMPANY REGISTRATION NUMBER: 01493003

Alun Griffiths (Contractors) Limited

Financial Statements

31 December 2016



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 2016

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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

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 2016

The directors present their strategic report for the year ended 31st December 2016.

REVIEW OF BUSINESS

The company undertakes civil engineering and building 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 continued to add 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 2016 and the company has strategically placed its resources to enable itself to carry out such contracts.

The Rail division is still a key area for 2017. The company continues to commit to joint arrangements in order to secure work.

Management are working to key factors to enhance results in 2017. These include optimising site efficiencies, focused tendering and optimising financial entitlement.

Alun Griffiths (Contractors) Limited

Strategic Report (continued)

Year ended 31 December 2016

FINANCIAL KEY PERFORMANCE INDICATORS

The results for the financial year are set out in the profit and loss account on page 9 and the financial position of the company at 31st December 2016 is shown on page 10. The undernoted schedule summarises recent performance and the year end results are comparable with industry norms.

	2016 £000's	2015 £000's	2014 £000's	2013 £000's	2012 £000's
Turnover	154,275	104,846	91,058	89,594	79,217
Gross Profit	11,088	8,291	6,853	5,658	6,155
Net profit/loss before tax and exceptional items	3,938	2,051	1,432	1,072	1,072

Profit Ratio

Gross profit %	7	8	8	6	8
Net profit % before tax and exceptional items	3	2	2	1	1

Alun Griffiths (Contractors) Limited

Strategic Report *(continued)*

Year ended 31 December 2016

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 2017 is 0.06 following a substantial decrease in the rate during 2016.

The company has achieved Gold Standard status with RoSPA. A programme of Behavioural based safety was implemented during 2016.

TRAINING

Focus has been on attracting and developing apprentices into the company. During 2016 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.

This report was approved by the board of directors on 6.9.17..... and signed on behalf of the board by:



Mr A Griffiths
Director

Alun Griffiths (Contractors) Limited

Directors' Report

Year ended 31 December 2016

The directors present their report and the financial statements of the company for the year ended 31 December 2016.

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 13 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 2016

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.

This report was approved by the board of directors on 6.9.17 and signed on behalf of the board by:



Mr A Griffiths
Director

Alun Griffiths (Contractors) Limited

Independent Auditor's Report to the Member of Alun Griffiths (Contractors) Limited

Year ended 31 December 2016

We have audited the financial statements of Alun Griffiths (Contractors) Limited for the year ended 31 December 2016 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 the 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 member, 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 member 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 member 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 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER 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

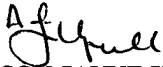
Independent Auditor's Report to the Member of Alun Griffiths (Contractors) Limited *(continued)*

Year ended 31 December 2016

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... 6.9.17

Alun Griffiths (Contractors) Limited**Statement of Comprehensive Income****Year ended 31 December 2016**

		2016 £	2015 £
TURNOVER	Note 4	154,275,140	104,845,921
Cost of sales		<u>143,186,920</u>	<u>96,554,628</u>
GROSS PROFIT		11,088,220	8,291,293
Exceptional item		1,632,692	838,924
Administrative expenses		7,099,781	6,177,990
Other operating income		<u>7,200</u>	<u>7,200</u>
OPERATING PROFIT	5	2,362,947	1,281,579
Other interest receivable and similar income	10	23,296	23,571
Interest payable and similar expenses	11	<u>81,085</u>	<u>92,648</u>
PROFIT BEFORE TAXATION		2,305,158	1,212,502
Tax on profit	12	<u>708,000</u>	<u>202,313</u>
PROFIT FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE INCOME		<u>1,597,158</u>	<u>1,010,189</u>

All the activities of the company are from continuing operations.

The notes on pages 12 to 25 form part of these financial statements.

Alun Griffiths (Contractors) Limited**Statement of Financial Position****31 December 2016**

	Note	2016 £	2015 £
FIXED ASSETS			
Tangible assets	14	3,808,058	3,946,395
CURRENT ASSETS			
Debtors	15	25,808,287	17,291,321
Cash at bank and in hand		12,420,568	5,539,214
		<u>38,228,855</u>	<u>22,830,535</u>
CREDITORS: amounts falling due within one year	16	38,330,241	21,893,661
NET CURRENT (LIABILITIES)/ASSETS		<u>(101,386)</u>	<u>936,874</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,706,672</u>	<u>4,883,269</u>
CREDITORS: amounts falling due after more than one year	17	1,095,573	1,209,173
PROVISIONS			
Taxation including deferred tax	18	297,091	297,091
NET ASSETS		<u>2,314,008</u>	<u>3,377,005</u>
CAPITAL AND RESERVES			
Called up share capital	21	562,709	562,709
Revaluation reserve	22	480,000	480,000
Profit and loss account	22	1,271,299	2,334,296
MEMBER FUNDS		<u>2,314,008</u>	<u>3,377,005</u>

These financial statements were approved by the board of directors and authorised for issue on 6.9.17, and are signed on behalf of the board by:



Mr A Griffiths
Director

Company registration number: 01493003

The notes on pages 12 to 25 form part of these financial statements.

Alun Griffiths (Contractors) Limited

Statement of Changes in Equity

Year ended 31 December 2016

	Called up share capital £	Revaluation reserve £	Profit and loss account £	Total £
AT 1 JANUARY 2015 (AS PREVIOUSLY REPORTED)	562,709	600,000	1,324,107	2,486,816
Prior period adjustments	—	(120,000)	—	(120,000)
AT 1 JANUARY 2015 (RESTATED)	<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
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	—	—	1,010,189	1,010,189
AT 31 DECEMBER 2015	562,709	480,000	2,334,293	3,377,002
Profit for the year	—	—	1,597,158	1,597,158
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	—	—	1,597,158	1,597,158
Dividends paid and payable	13	—	(2,660,152)	(2,660,152)
TOTAL INVESTMENTS BY AND DISTRIBUTIONS TO OWNERS	—	—	(2,660,152)	(2,660,152)
AT 31 DECEMBER 2016	<u>562,709</u>	<u>480,000</u>	<u>1,271,299</u>	<u>2,314,008</u>

The notes on pages 12 to 25 form part of these financial statements.

Alun Griffiths (Contractors) Limited

Notes to the Financial Statements

Year ended 31 December 2016

1. GENERAL INFORMATION

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Waterways House, Merthyr Road, Llanfoist, Abergavenny, NP7 9PE.

The nature of the company's operations and principal activities is Civil Engineering & Rail work.

2. 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.

3. ACCOUNTING POLICIES

Basis of preparation

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

These financial statements cover the twelve months ending 31st December 2016.

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.

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.

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.

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.

3. ACCOUNTING POLICIES *(continued)*

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.

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(b) 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.

Cash and cash equivalents

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

Alun Griffiths (Contractors) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

3. 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.

c) Rental income

Income from rentals is recognised in accordance with the terms of the relevant lease.

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.

Alun Griffiths (Contractors) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

3. ACCOUNTING POLICIES *(continued)*

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.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

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. Land and buildings were valued using a professional valuation, when not available a directors valuation would be used, based on their knowledge of current market conditions of similar properties in the area.

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.

3. ACCOUNTING POLICIES *(continued)*

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.

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Alun Griffiths (Contractors) Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2016

3. ACCOUNTING POLICIES (continued)

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.

4. TURNOVER

Turnover arises from:

	2016	2015
	£	£
Civil Engineering	123,447,204	89,851,920
Rail	28,915,641	13,501,806
Surfacing	1,912,295	1,492,195
	<u>154,275,140</u>	<u>104,845,921</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 £18,685,799 (2015: £10,575,999).

5. OPERATING PROFIT

Operating profit or loss is stated after charging:

	2016	2015
	£	£
Depreciation of tangible assets	32,010	35,459
Loss on disposal of tangible assets	140,078	—
Impairment of trade debtors	205,564	538,829
Exceptional item	<u>1,632,692</u>	<u>838,924</u>

Alun Griffiths (Contractors) Limited**Notes to the Financial Statements (continued)****Year ended 31 December 2016****6. AUDITOR'S REMUNERATION**

	2016	2015
	£	£
Fees payable for the audit of the financial statements	<u>35,150</u>	<u>33,482</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.

7. STAFF COSTS

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

	2016	2015
	No.	No.
Production staff	409	376
Administrative staff	<u>185</u>	<u>148</u>
	<u>594</u>	<u>524</u>

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

	2016	2015
	£	£
Wages and salaries	21,276,446	17,820,660
Social security costs	2,301,232	2,015,348
Other pension costs	<u>547,657</u>	<u>526,790</u>
	<u>24,125,335</u>	<u>20,362,798</u>

8. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services was:

	2016	2015
	£	£
Remuneration	<u>18,731</u>	<u>17,407</u>

There are no post-employment benefits accruing for the directors (2015: nil) under a defined benefit scheme. No directors (2015: none) were members of a defined contribution schemes.

9. EXCEPTIONAL ITEMS

	2016	2015
	£	£
Intercompany write off	<u>1,632,692</u>	<u>838,924</u>

Alun Griffiths (Contractors) Limited**Notes to the Financial Statements (continued)****Year ended 31 December 2016****9. EXCEPTIONAL ITEMS (continued)**

This represents amounts written off intercompany balances with related parties.

10. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2016	2015
	£	£
Interest on cash and cash equivalents	<u>23,296</u>	<u>23,571</u>

11. INTEREST PAYABLE AND SIMILAR EXPENSES

	2016	2015
	£	£
Interest on banks loans and overdrafts	81,085	92,072
Other interest payable and similar charges	—	576
	<u>81,085</u>	<u>92,648</u>

12. TAX ON PROFIT**Major components of tax expense**

	2016	2015
	£	£
Current tax:		
UK current tax expense	708,000	215,634
Adjustments in respect of prior periods	—	(13,874)
Total current tax	<u>708,000</u>	<u>201,760</u>
Deferred tax:		
Origination and reversal of timing differences	—	553
Tax on profit	<u>708,000</u>	<u>202,313</u>

Tax rate changes

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Alun Griffiths (Contractors) Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2016

12. TAX ON PROFIT (continued)

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2015: lower than) the standard rate of corporation tax in the UK of 20% (2015: 20%).

	2016 £	2015 £
Profit on ordinary activities before taxation	2,305,158	1,212,502
Profit on ordinary activities by rate of tax	461,032	242,500
Adjustment to tax charge in respect of prior periods	–	(13,874)
Effect of expenses not deductible for tax purposes	219,629	44,522
Effect of capital allowances and depreciation	28,203	(553)
Effect of different UK tax rates on some earnings	–	2,626
Utilisation of tax losses	(864)	(73,461)
Deferred Tax	–	553
Tax on profit	708,000	202,313

13. DIVIDENDS

	2016 £	2015 £
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	2,660,152	–

14. TANGIBLE ASSETS

	Land & Buildings £	Plant and machinery £	Fixtures and fittings £	Total £
Cost				
At 1 January 2016	3,774,968	269,346	118,261	4,162,575
Additions	7,074	22,230	4,450	33,754
Disposals	–	(291,576)	–	(291,576)
At 31 December 2016	3,782,042	–	122,711	3,904,753
Depreciation				
At 1 January 2016	–	129,998	86,181	216,179
Charge for the year	–	21,496	10,514	32,010
Disposals	–	(151,494)	–	(151,494)
At 31 December 2016	–	–	96,695	96,695
Carrying amount				
At 31 December 2016	3,782,042	–	26,016	3,808,058
At 31 December 2015	3,774,968	139,348	32,080	3,946,396

Alun Griffiths (Contractors) Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2016

14. TANGIBLE ASSETS (continued)

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

	2016 £	2015 £
Freehold Land	37,000	37,000
Freehold Buildings	3,745,042	3,737,968
	<u>3,782,042</u>	<u>3,774,968</u>

The historic cost equivalent of land and buildings included at valuation are as follows:

	2016 £	2015 £
Cost	3,182,042	3,174,968
Valuation	600,000	600,000
Net Book Value	<u>3,782,042</u>	<u>3,774,968</u>

Tangible fixed assets with a net book value of £3,692,060 (2015: £3,684,986) 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 February 2017 by Jones Lang LaSalle. The method of valuation was by capital value per square foot and comparisons to similar properties.

15. DEBTORS

	2016 £	2015 £
Trade debtors	10,407,090	5,639,331
Amounts owed by group undertakings	255,037	2,611,157
Accrued Income	8,278,712	4,936,669
Other debtors	6,867,448	4,104,164
	<u>25,808,287</u>	<u>17,291,321</u>

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

Trade debtors are stated after provisions for impairment of £354,805 (2015: £354,805).

Alun Griffiths (Contractors) Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2016

16. CREDITORS: amounts falling due within one year

	2016	2015
	£	£
Bank loans and overdrafts	254,664	254,664
Trade creditors	30,375,854	16,254,149
Accruals and deferred income	5,001,859	3,426,066
Corporation tax	723,634	215,634
Social security and other taxes	1,893,074	1,743,148
Other creditors	81,156	—
	<u>38,330,241</u>	<u>21,893,661</u>

17. CREDITORS: amounts falling due after more than one year

	2016	2015
	£	£
Bank loans and overdrafts	<u>1,095,573</u>	<u>1,209,173</u>

Included within creditors: amounts falling due after more than one year is an amount of £76,917 (2015: £83,504) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

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 (2015: £254,664). The aggregate of secured liabilities falling due after one year is £1,095,973 (2015: £1,209,173).

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

18. PROVISIONS

	Deferred tax (note 19) £
At 1 January 2016 and 31 December 2016	<u>297,091</u>

Alun Griffiths (Contractors) Limited**Notes to the Financial Statements (continued)****Year ended 31 December 2016****19. DEFERRED TAX**

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

	2016 £	2015 £
Included in provisions (note 18)	<u>297,091</u>	<u>297,091</u>

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

	2016 £	2015 £
Accelerated capital allowances	<u>297,091</u>	<u>297,091</u>

The net deferred tax liability expected to reverse in 2017 is £59,418. This primarily relates to the reversal of timing differences on capital allowances.

20. EMPLOYEE BENEFITS**Defined contribution plans**

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £547,657 (2015: £526,790).

21. CALLED UP SHARE CAPITAL**Issued, called up and fully paid**

	2016		2015	
	No.	£	No.	£
Ordinary shares of £1 each	<u>562,709</u>	<u>562,709</u>	<u>562,709</u>	<u>562,709</u>

22. 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.

23. FINANCIAL COMMITMENTS

Total financial commitments which are not included in the balance sheet amount to £1,469,875 (2015: £1,554,545) in respect of property leases.

Alun Griffiths (Contractors) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

24. 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 jointly controlled operations. 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.

25. 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:

	2016	2015
	£	£
Balance due (to)/from related parties	50,000	525,271
Rent Paid to related parties	—	—
Sales	32,435	—
Purchases	1,220,685	60,713
Recharges & Transfers	177,784	9,830
Fixed Asset sales to related parties	—	—
Intercompany written off	1,610,232	—

Other related parties

Aggregate related party transactions with other related parties:

2016	2015
£	£

Alun Griffiths (Contractors) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

Balance due (to)/from related parties	6,660,138	3,478,560
Rent Paid to related parties	82,000	57,000
Purchases	6,240,000	5,329,463
Recharges & transfers	3,059,471	4,802,400
Fixed asset sales to related parties	118,360	–
Payments made on behalf of related parties	205,564	207,532
Bad debts written off in the year	205,564	205,252
Intercompany written off	22,460	9,774

Included in note 9 are exceptional items in relation to the intercompany write offs above.

The company undertakes various projects in jointly controlled operations.

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.

26. CONTROLLING PARTY

There is no ultimate controlling party.

27. PARENT UNDERTAKINGS

The ultimate parent company is Purple Alpha Limited, a company registered in Great Britain.