

COMPANY REGISTRATION NUMBER: 01493003

Alun Griffiths (Contractors) Limited

Financial Statements

31 December 2017

Alun Griffiths (Contractors) Limited

Financial Statements

Year ended 31 December 2017

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Alun Griffiths (Contractors) Limited**Officers and Professional Advisers****The board of directors**

Mr M Evans (Appointed 4 January 2018)
Mr W Griffiths (Resigned 4 January 2018)
Mrs P Griffiths (Resigned 4 January 2018)
Mrs E Marlborough (Resigned 4 January 2018)
Mr A Griffiths (Resigned 4 January 2018)
Mr A Morgan (Appointed 4 January 2018)
Mr P Fleetham (Served from 4 January 2018 to 7 March 2018)
Mr S Thompson (Appointed 4 January 2018)
Mr N Mason (Appointed 4 January 2018)
Mr H Llywelyn (Appointed 1 May 2018)

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 2017

The directors present their strategic report for the year ended 31 December 2017. **REVIEW OF BUSINESS** The company undertakes infrastructure, rail 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 and continued consolidation of presence in the South West and West Midlands regions.

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. Alun Griffiths (Contractors) Limited has built a strong reputation within its operating area through high standards of workmanship, flexibility through in house delivery 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. We are aware of the risks associated with Brexit and the continuation of European funding to the public sector but, to date, have not felt adverse impact on the operations of the business.

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 in the Infrastructure division have been secured during 2017 including renewal of strategic frameworks which under pin the business model in the medium term and the company has strategically placed resources to enable itself to carry out such contracts. The Rail division continues to deliver substantial proportions of the GWR electrification programme. It has committed to expansion and development of activities whilst raising its profile through participation in the bidding process for the Wales and Border franchise. The company continues to commit to joint arrangements where appropriate in order to secure work and support our experience portfolio. Management are working to consolidate and develop the above factors to enhance results in 2018. 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 statement of comprehensive income on page 11 and the financial position of the company at 31 December 2017 is shown on page 12. The undernoted schedule summarises recent performance and the ratios are comparable with industry norms.

	2017 £000's	2016 £000's	2015 £000's	2014 £000's	2013 £000's
Turnover	182,403	154,275	104,846	91,058	89,594
Gross Profit	10,752	11,088	8,291	6,853	5,658
Net profit/loss before tax and exceptional items	1,126	3,938	2,051	1,432	1,072
Profit Ratio					
Gross profit %	6	7	8	8	6
Net profit % before tax and exceptional items	1	3	2	2	1

NON FINANCIAL KEY PERFORMANCE INDICATORS

SUSTAINABILITY 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. Following the successful delivery of key targets set by our 2016/17 Sustainability Challenge, we are now pushing ourselves further, embedding sustainability throughout our business. We have aligned this year's Challenge with the Well-being of Future Generations Act. Our four priorities, Health & Safety, Environment, Economic, Social and Culture will support the seven well-being goals. Our new objectives and targets under our four key priorities, Health & Safety, Environment, Economic, Social and Culture, continue to support the seven Well-being goals of Future Generations Act. Once more our projects have provided employment, apprenticeships, training and development opportunities. Our people embed themselves within communities and develop specific initiatives to address local issues. And finally, we continue to reduce the impact our operations have on the natural environment, reducing emissions and waste, increasing recycling rates and enhancing the local ecology. But there is still room for improvement. Our new Sustainability Challenge will ensure Griffiths remains a responsible business intent on delivering truly sustainable projects. **OUR PRIORITIES** Our 2017/18 Sustainability Challenge approach is built around four key priorities: **Health & safety** **Economy** **Social & culture** **Environment** Under each key priority we set objectives and targets which will support the seven goals of the Well-being of Future Generations Act and deliver our sustainability vision. **OUR VISION** Our aim is to provide the infrastructure to support a vibrant economy with cohesive communities without a detrimental effect on the environment. **DELIVERY** Through our Sustainability Challenge we will: - Set short and long term objectives and targets against which our performance will be measured and reported - Identify opportunities to embed sustainability into all of our projects - Minimise any adverse impact caused by our operations - Raise the profile of our sustainability agenda with our people, supply chain and stakeholders As a result of our sustainability programme, we have achieved various awards including the Cynnal Cymru Sustain Wales - Sustainability Business Award and culminating in a Considerate Constructors Scheme National Gold Award received in 2018. **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 2018 is zero following a substantial decrease in the rate during 2017. The company has achieved RoSPA Presidents Award for 2017. A programme of Behavioural based safety was implemented during 2016. **TRAINING** Focus has been on attracting and developing apprentices into the company. During 2017 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. We received a BitC Inspiring Young Talent Award during 2017. **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 accredited to PAS 99.(2012), encompasses the three main registrations namely: Quality to BS.EN.ISO.9001.2015; Environment to BS.EN.ISO.2015 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 20 September 2018 and signed on behalf of the board by:

Mr A Morgan

Mr A Morgan

Director

Alun Griffiths (Contractors) Limited

Directors' Report

Year ended 31 December 2017

The directors present their report and the financial statements of the company for the year ended 31 December 2017 .

DIRECTORS

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

Mr W Griffiths

Mrs P Griffiths

Mrs E Marlborough

Mr A Griffiths

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.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Particulars of events after the reporting date are detailed in note 26 to the financial statements.

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. 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 20 September 2018 and signed on behalf of the board by:

Mr A Morgan

Mr A Morgan

Director

Alun Griffiths (Contractors) Limited

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

Year ended 31 December 2017

OPINION

We have audited the financial statements of Alun Griffiths (Contractors) Limited (the 'company') for the year ended 31 December 2017 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice). 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. In our opinion the financial statements: - give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended; - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; - have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS 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.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which 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.

RESPONSIBILITIES OF DIRECTORS

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also: - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors. - Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern. - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during 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

20 September 2018

Alun Griffiths (Contractors) Limited
Statement of Comprehensive Income
Year ended 31 December 2017

		2017	2016
	Note	£	£
TURNOVER	4	182,403,106	154,275,140
Cost of sales		171,651,480	143,186,920
		-----	-----
GROSS PROFIT		10,751,626	11,088,220
Exceptional item		159,929	1,632,692
Administrative expenses		9,648,834	7,099,781
Other operating income		6,315	7,200
		-----	-----
OPERATING PROFIT	5	949,178	2,362,947
Other interest receivable and similar income	10	14,031	23,296
Interest payable and similar expenses	11	(2,569)	81,085
		-----	-----
PROFIT BEFORE TAXATION		965,778	2,305,158
Tax on profit	12	508,454	708,000
		-----	-----
PROFIT FOR THE FINANCIAL YEAR		457,324	1,597,158
		-----	-----
Revaluation of tangible assets		(7,182)	—
Reclassification from revaluation reserve to profit and loss account		7,182	—
		-----	-----
OTHER COMPREHENSIVE INCOME FOR THE YEAR		—	—
		-----	-----
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		457,324	1,597,158
		-----	-----

All the activities of the company are from continuing operations.

Alun Griffiths (Contractors) Limited**Statement of Financial Position****31 December 2017**

	Note	2017 £	2016 £
FIXED ASSETS			
Tangible assets	14	3,784,600	3,808,058
CURRENT ASSETS			
Debtors	15	36,987,701	25,808,287
Cash at bank and in hand		8,955,696	12,420,568
		-----	-----
		45,943,397	38,228,855
CREDITORS: amounts falling due within one year	16	44,603,114	38,330,238
		-----	-----
NET CURRENT ASSETS/(LIABILITIES)		1,340,283	(101,383)
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		5,124,883	3,706,675
CREDITORS: amounts falling due after more than one year	17	3,661,426	1,095,573
PROVISIONS			
Taxation including deferred tax	18	242,760	297,091
		-----	-----
NET ASSETS		1,220,697	2,314,011
		-----	-----
CAPITAL AND RESERVES			
Called up share capital	22	562,709	562,709
Revaluation reserve	23	472,818	480,000
Profit and loss account	23	185,170	1,271,302
		-----	-----
SHAREHOLDER FUNDS		1,220,697	2,314,011
		-----	-----

These financial statements were approved by the board of directors and authorised for issue on 20 September 2018 , and are signed on behalf of the board by:

Mr M Evans

Director

Company registration number: 01493003

Alun Griffiths (Contractors) Limited**Statement of Changes in Equity****Year ended 31 December 2017**

	Called up share capital	Revaluation reserve	Profit and loss account	Total
Note	£	£	£	£
AT 1 JANUARY 2016	562,709	480,000	2,334,296	3,377,005
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	562,709	480,000	1,271,302	2,314,011
Profit for the year			457,324	457,324
Other comprehensive income for the year	21	(7,182)	7,182	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	—	(7,182)	464,506	457,324
Dividends paid and payable	13	—	(1,550,638)	(1,550,638)
TOTAL INVESTMENTS BY AND DISTRIBUTIONS TO OWNERS	—	—	(1,550,638)	(1,550,638)
AT 31 DECEMBER 2017	562,709	472,818	185,170	1,220,697

Alun Griffiths (Contractors) Limited

Notes to the Financial Statements

Year ended 31 December 2017

1. GENERAL INFORMATION

Alun Griffiths (Contractors) Limited is a private company limited by shares incorporated in England & Wales, 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 Infrastructure & 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 only include the results of the individual entity made up to 31 December 2017. The reporting period of these financial statements and its comparative period is 12 months. 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, and taking into account the support from its new parent company which will be provided until such time that the company moves to a cash pooling arrangement, 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.

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 14 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 15 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.

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.

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
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Fixtures and Fittings	-	30% reducing balance
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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.

4. TURNOVER

Turnover arises from:

	2017	2016
	£	£
Infrastructure	143,007,491	125,359,499
Rail	39,395,615	28,915,641
	<u>182,403,106</u>	<u>154,275,140</u>

Turnover split by United Kingdom geographical area:

	2017	2016
	£	£
South Wales	75,413,690	64,951,222
North Wales	15,127,859	12,435,614
Mid Wales	34,576,948	21,064,252
South West England	29,031,639	36,805,428
West Midlands	28,252,970	19,018,624
Total	<u>182,403,106</u>	<u>154,275,140</u>

There is no overseas turnover. All of the above categories of turnover are from construction contracts. Included in Debtors are amounts due from construction contracts of £25,861,767 (2016: £18,685,799).

5. OPERATING PROFIT

Operating profit or loss is stated after charging:

	2017	2016
	£	£
Depreciation of tangible assets	7,806	32,010
Loss on disposal of tangible assets	—	140,078
Impairment of trade debtors	86,599	205,564
Exceptional item	159,929	1,632,692
	<u>254,334</u>	<u>1,910,344</u>

6. AUDITOR'S REMUNERATION

	2017	2016
	£	£
Fees payable for the audit of the financial statements	42,950	35,150
	<u>42,950</u>	<u>35,150</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:

	2017	2016
	No.	No.
Production staff	468	409
Administrative staff	236	185
	---	---
	704	594
	---	---

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

	2017	2016
	£	£
Wages and salaries	26,461,594	21,276,446
Social security costs	2,741,846	2,301,232
Other pension costs	726,251	547,657
	-----	-----
	29,929,691	24,125,335
	-----	-----

8. DIRECTORS' REMUNERATION

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

	2017	2016
	£	£
Remuneration	19,973	18,731
	-----	-----

There are no post-employment benefits accruing for the directors(2016: nil) under a defined benefit scheme. No directors (2016: none) were members of a defined contribution schemes.

9. EXCEPTIONAL ITEMS

	2017	2016
	£	£
Intercompany write off	159,928	1,632,692
	-----	-----

This represents amounts written off intercompany balances with related parties.

10. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2017	2016
	£	£
Interest on cash and cash equivalents	14,031	23,296
	-----	-----

11. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017	2016
	£	£
Interest on banks loans and overdrafts	(2,569)	81,085
	-----	-----

12. TAX ON PROFIT

Major components of tax expense

	2017	2016
	£	£
Current tax:		
UK current tax expense	562,785	708,000
Deferred tax:		
Origination and reversal of timing differences	(54,331)	—
Tax on profit	508,454	708,000

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.

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2016: higher than) the standard rate of corporation tax in the UK of 19 % (2016: 20 %).

	2017	2016
	£	£
Profit on ordinary activities before taxation	965,778	2,305,158
Profit on ordinary activities by rate of tax	185,913	461,032
Adjustment to tax charge in respect of prior periods	111,312	—
Effect of expenses not deductible for tax purposes	265,510	219,629
Effect of capital allowances and depreciation	61	28,203
Utilisation of tax losses	—	(864)
Deferred Tax	(54,342)	—
Tax on profit	508,454	708,000

13. DIVIDENDS

	2017	2016
	£	£
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	1,550,638	2,660,152

14. TANGIBLE ASSETS

	Land & Buildings £	Fixtures and fittings £	Total £
Cost			
At 1 January 2017	3,782,042	122,711	3,904,753
Disposals	(15,652)	—	(15,652)
At 31 December 2017	3,766,390	122,711	3,889,101
Depreciation			
At 1 January 2017	—	96,695	96,695
Charge for the year	—	7,806	7,806
At 31 December 2017	—	104,501	104,501
Carrying amount			
At 31 December 2017	3,766,390	18,210	3,784,600
At 31 December 2016	3,782,042	26,016	3,808,058

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

	2017 £	2016 £
Freehold Land	37,000	37,000
Freehold Buildings	3,729,390	3,745,042
	3,766,390	3,782,042

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

	2017 £	2016 £
Cost	3,166,390	3,182,042
Accumulated Depreciation	—	—
Accumulated impairment losses	—	—
Valuation	600,000	600,000
Net Book Value	3,766,390	3,782,042

Freehold land and buildings have been valued using the fair value model under FRS102. 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 £3,766,390 are as follows: There have not been any significant movement in the property values, within these locations, since the last 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.

15. DEBTORS

	2017	2016
	£	£
Trade debtors	8,701,126	10,407,090
Amounts owed by group undertakings	269,790	255,037
Accrued Income	17,160,642	8,278,712
Other debtors	10,856,143	6,867,448
	-----	-----
	36,987,701	25,808,287
	-----	-----

Amounts owed by related companies 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 (2016: £354,805).

16. CREDITORS: amounts falling due within one year

	2017	2016
	£	£
Bank loans and overdrafts	—	254,664
Trade creditors	29,058,233	30,375,853
Accruals and deferred income	11,065,632	5,001,857
Corporation tax	451,402	723,634
Social security and other taxes	3,924,488	1,893,074
Other creditors	103,359	81,156
	-----	-----
	44,603,114	38,330,238
	-----	-----

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

	2017	2016
	£	£
Bank loans and overdrafts	—	1,095,573
Long term contract provisions	3,661,426	—
	-----	-----
	3,661,426	1,095,573
	-----	-----

Included within creditors: amounts falling due after more than one year is an amount of £Nil (2016: £76,917) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

18. PROVISIONS

	Deferred tax (note 19) £
At 1 January 2017	297,091
Charge against provision	(54,331)

At 31 December 2017	242,760

19. DEFERRED TAX

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

	2017	2016
	£	£
Included in provisions (note 18)	242,760	297,091
	-----	-----

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

	2017	2016
	£	£
Accelerated capital allowances	242,760	297,091
	-----	-----

The net deferred tax liability expected to reverse in 2018 is £47,489. 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 £ 726,251 (2016: £ 547,657).

21. ANALYSIS OF OTHER COMPREHENSIVE INCOME

	Revaluation reserve	Profit and loss account	Total
	£	£	£
Year ended 31 December 2017			
Revaluation of tangible assets	(7,182)	—	(7,182)
Reclassification from revaluation reserve to profit and loss account	—	7,182	7,182
	-----	-----	-----
	(7,182)	7,182	—
	-----	-----	-----

22. CALLED UP SHARE CAPITAL

Issued, called up and fully paid

	2017		2016	
	No.	£	No.	£
Ordinary shares of £ 1 each	562,709	562,709	562,709	562,709
	-----	-----	-----	-----

23. 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.

Alun Griffiths (Contractors) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

24. FINANCIAL COMMITMENTS

Total financial commitments which are not included in the balance sheet amount to £390,125 (2016: £1,469,875) in respect of property leases.

25. CONTINGENCIES

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

26. EVENTS AFTER THE END OF THE REPORTING PERIOD

Tarmac Trading Limited acquired 100% of the ordinary share capital of the parent company, Purple Alpha Limited, on the 4th January 2018. The company became a wholly-owned subsidiary of Tarmac Trading Limited at that date. The new ultimate parent company is shown at Note 29.

27. 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:

	2017	2016
	£	£
Balance due (to)/from related parties	—	50,000
Sales	—	32,435
Purchases	—	1,220,685
Recharges & Transfers	—	177,784
Intercompany written off	—	1,610,232

Other related parties Aggregate related party transactions with other related parties:

	2017	2016
	£	£
Balance due (to)/from related parties	10,692,365	6,660,138
Rent Paid to related parties	107,000	82,000
Purchases	7,440,000	6,240,000
Recharges & transfers	5,574,485	3,059,471
Fixed asset sales to related parties	—	118,360
Payments made on behalf of related parties	86,599	205,564
Bad debts written off in the year	86,599	205,564
Intercompany written off	159,928	22,460

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.

28. CONTROLLING PARTY

There is no ultimate controlling party.

29. PARENT UNDERTAKINGS

At the balance sheet date, the ultimate parent company was Purple Alpha Limited, a company registered in Great Britain.

As referred to at Note 26, following the acquisition by Tarmac Trading Limited, the ultimate parent company is now CRH PLC, a company registered in Ireland. The accounts of the parent company are available at www.crh.com.

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