

**DODD GROUP LIMITED**  
**CONSOLIDATED ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

FRIDAY



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# **DODD GROUP LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	Mr T R Dodd Mrs S M Dodd Mr T M Dodd Mr J J Kavanagh
<b>Secretary</b>	Mr T R Dodd
<b>Company number</b>	01614573
<b>Registered office</b>	Stafford Park 13 Telford Shropshire England TF3 3AZ
<b>Auditor</b>	Baldwins Audit Services Limited Churchill House 59 Lichfield Street Walsall West Midlands WS4 2BX

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# **DODD GROUP LIMITED**

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# **DODD GROUP LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 MARCH 2016**

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The directors present the strategic report and financial statements of the company and the group for the year ended 31 March 2016.

#### **Fair review of the business**

The group has continued its activities across its key markets of social housing, capital construction projects in the education, commercial, health, utilities and defence sectors, and reactive, planned maintenance and capital works for local authorities and housing associations.

The Property Care division has continued with its involvement in various local authority and public sector initiatives. Work has continued with various main contractors on housing stock refurbishment frameworks as well as with local authorities and housing associations on their planned property improvement programmes.

Planned and reactive maintenance in the non-domestic market has continued in the form of long-term partnerships with local authorities and utilities providers.

The Construction division has continued to secure sizeable capital projects generating both repeat business with existing clients, and fostering beneficial relationships with new customers.

In the defence sector, work has continued on long-term contracts providing infrastructure services on various M.O.D. bases.

#### **Principal risks and uncertainties**

A number of risk factors have been identified that could potentially impact the operating and financial performance of the group:

- The effects of a prolonged economic downturn is a potential risk that the group faces.
- Changes to the expenditure plans of public and private sector customers is a potential risk that the group faces. The directors manage this risk by positioning the Group within a wide range of relevant markets to reduce the exposure to adverse economic factors in any individual market sector.
- The success of the group depends upon the recruitment and retention of skilled personnel at all levels. The group has a remuneration policy designed to attract, motivate and retain individuals of the calibre required, as well as a policy of developing skills within the business through apprenticeships and training.

#### **Key performance indicators**

The directors consider that the group's key financial performance indicators are those that communicate the profitability and strength of the group as a whole, these being pre-tax profit and net assets.

Pre-tax profit for the year was £2.9 million.

Net assets at the year end were £29.1 million.

On behalf of the board



Mr T R Dodd

**Director**

29 December 2016

# **DODD GROUP LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 MARCH 2016**

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

#### **Principal activities**

The principal activity of the company and group continued to be that of electrical, heating and ventilation engineers and contractors.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr T R Dodd  
Mrs S M Dodd  
Mr T M Dodd  
Mr J J Kavanagh

#### **Results and dividends**

The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £2,000,000. The directors do not recommend payment of a further dividend.

#### **Disabled persons**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

#### **Employee involvement**

The company and the group are committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retaining of employees who become disabled whilst employed by the company. Particular attention is given to the training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the company and the group.

Members of the management team regularly visit branches and discuss with members of staff matters of current interest and concern to the business.

#### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company and group is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company and group is aware of that information.

On behalf of the board



Mr T R Dodd

**Director**

29 December 2016

# **DODD GROUP LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### ***FOR THE YEAR ENDED 31 MARCH 2016***

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The directors are responsible for preparing the Annual 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **DODD GROUP LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF DODD GROUP LIMITED**

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We have audited the financial statements of Dodd Group Limited for the year ended 31 March 2016 set out on pages 6 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 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 the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# **DODD GROUP LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF DODD GROUP LIMITED**

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#### **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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

*Baldwins*

**Dawn Owen BA(Hons) FCA (Senior Statutory Auditor)**  
**for and on behalf of Baldwins Audit Services Limited**

29 December 2016

**Chartered Accountants**  
**Statutory Auditor**

Churchill House  
59 Lichfield Street  
Walsall  
West Midlands  
WS4 2BX



# DODD GROUP LIMITED

## GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 £000	2015 £000
Turnover		106,765	91,407
Cost of sales		(83,067)	(69,590)
<b>Gross profit</b>		<b>23,698</b>	<b>21,817</b>
Administrative expenses		(21,886)	(19,685)
Other operating income		745	500
<b>Operating profit</b>	<b>3</b>	<b>2,557</b>	<b>2,632</b>
Interest receivable and similar income	<b>7</b>	300	117
Interest payable and similar charges	<b>8</b>	(4)	(2)
<b>Profit before taxation</b>		<b>2,853</b>	<b>2,747</b>
Taxation	<b>9</b>	(620)	(518)
<b>Profit for the financial year</b>	<b>24</b>	<b>2,233</b>	<b>2,229</b>

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

# **DODD GROUP LIMITED**

## **GROUP STATEMENT OF COMPREHENSIVE INCOME**

***FOR THE YEAR ENDED 31 MARCH 2016***

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	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
<b>Profit for the year</b>	2,233	2,230
<b>Other comprehensive income</b>	-	-
<b>Total comprehensive income for the year</b>	<u>2,233</u>	<u>2,230</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

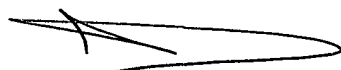
# DODD GROUP LIMITED

## GROUP BALANCE SHEET

AS AT 31 MARCH 2016

	Notes	2016 £000	2015 £000
<b>Fixed assets</b>			
Tangible assets	11	1,046	678
<b>Current assets</b>			
Stocks	15	1,478	1,453
Debtors	17	33,939	27,869
Cash at bank and in hand		20,739	21,790
		56,156	51,112
<b>Creditors: amounts falling due within one year</b>	18	(27,147)	(22,422)
<b>Net current assets</b>		29,009	28,690
<b>Total assets less current liabilities</b>		30,055	29,368
<b>Creditors: amounts falling due after more than one year</b>	19	(179)	-
<b>Provisions for liabilities</b>	21	(727)	(452)
<b>Net assets</b>		29,149	28,916
<b>Capital and reserves</b>			
Called up share capital	23	18	18
Profit and loss reserves	24	29,131	28,898
<b>Total equity</b>		29,149	28,916

The financial statements were approved by the board of directors and authorised for issue on 29 December 2016 and are signed on its behalf by:



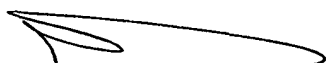
Mr T R Dodd  
Director

**DODD GROUP LIMITED**  
**COMPANY BALANCE SHEET**  
**AS AT 31 MARCH 2016**

	Notes	2016 £000	2015 £000
<b>Fixed assets</b>			
Investments	12	18	18
<b>Current assets</b>			
Debtors	17	1,377	1,377
Cash at bank and in hand		1	2
		<u>1,378</u>	<u>1,379</u>
<b>Creditors: amounts falling due within one year</b>	18	<u>(19)</u>	<u>(15)</u>
<b>Net current assets</b>		1,359	1,364
<b>Total assets less current liabilities</b>		<u>1,377</u>	<u>1,382</u>
<b>Capital and reserves</b>			
Called up share capital	23	18	18
Profit and loss reserves	24	1,359	1,364
<b>Total equity</b>		<u>1,377</u>	<u>1,382</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 29 December 2016 and are signed on its behalf by:



Mr T R Dodd  
**Director**

**Company Registration No. 01614573**

# DODD GROUP LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Share capital £000	Profit and loss reserves £000	Total £000
Balance at 1 April 2014		18	26,799	26,817
Year ended 31 March 2015:				
Profit and total comprehensive income for the year		-	2,229	2,229
Dividends	10	-	(130)	(130)
Balance at 31 March 2015		18	28,898	28,916
Year ended 31 March 2016:				
Profit and total comprehensive income for the year		-	2,233	2,233
Dividends	10	-	(2,000)	(2,000)
Balance at 31 March 2016		18	29,131	29,149

# DODD GROUP LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Share capital £000	Profit and loss reserves £000	Total £000
<b>Balance at 1 April 2014</b>		18	1,369	1,387
<b>Year ended 31 March 2015:</b>				
Profit and total comprehensive income for the year		-	125	125
Dividends	10	-	(130)	(130)
<b>Balance at 31 March 2015</b>		18	1,364	1,382
<b>Year ended 31 March 2016:</b>				
Profit and total comprehensive income for the year		-	1,995	1,995
Dividends	10	-	(2,000)	(2,000)
<b>Balance at 31 March 2016</b>		18	1,359	1,377

# **DODD GROUP LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 MARCH 2016**

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#### **1 Accounting policies**

##### **Company information**

Dodd Group Limited ("the company") is a limited company domiciled and incorporated in England and Wales. The registered office is Stafford Park 13, Telford, Shropshire, England, TF3 3AZ.

The group consists of Dodd Group Limited and all of its subsidiaries.

##### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These group and company financial statements for the year ended 31 March 2016 are the first financial statements of Dodd Group Limited and the group prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements for the preceding period were prepared in accordance with previous UK GAAP. The date of transition to FRS 102 was 1 April 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 'Related Party Disclosures' – Transactions with the ultimate parent company or any other wholly owned subsidiary undertaking of the group.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £1,995,537 (2015 - £124,785 profit).

##### **1.2 Basis of consolidation**

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

# **DODD GROUP LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 MARCH 2016**

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#### **1 Accounting policies**

The consolidated financial statements incorporate those of Dodd Group Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 March 2016. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

#### **1.3 Going concern**

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **1.4 Turnover**

Turnover represents invoiced sales of goods and services, net of VAT, except in respect of construction activities which are described below.

Attributable profit on construction contracts is recognised only where the outcome of a contract can be assessed with reasonable certainty, and is determined by reference to the degree of completion of the work. Costs for these contracts on which the company has obtained a right to consideration through partial performance of contractual obligations, and is reasonably certain that the contractual obligations will be achieved in full, are recognised as costs of sale. Attributable revenue on such contracts is recognised as turnover.

In the event that a loss on completion of a contract is forecast, a provision for losses to contract completion is recognised irrespective of the stage of completion of the contract, by reference to the best estimate of the forecast results measured on a reasonable basis. Provision for losses on contract completion are presented as "provisions" in the balance sheet.

The amount by which recorded turnover is in excess of invoiced turnover is included in debtors as "amounts recoverable on contracts". Amounts of invoiced turnover which are in excess of recognised turnover are included in creditors.

Costs for contracts which are not deemed sufficiently progressed to warrant profit recognition, or where there is no contractual right to consideration for partial performance, are treated as work in progress and are stated at the lower of cost or net realisable value.

#### **1.5 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.



# DODD GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2016

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#### 1 Accounting policies

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery	25% on cost
Office equipment	33% on cost
Motor vehicles	25% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

#### 1.6 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.7 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

# **DODD GROUP LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 MARCH 2016**

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#### **1 Accounting policies**

##### **1.8 Stocks**

Stocks are valued at the lower of cost and net realisable value, after making allowance for obsolete and slow moving items.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Payments received on account are deducted from work in progress and if in excess of individual contract values are included in creditors.

##### **1.9 Cash and cash equivalents**

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

##### **1.10 Financial instruments**

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### ***Basic financial assets***

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### ***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

# DODD GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2016

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#### 1 Accounting policies

##### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

#### 1.11 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

#### 1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### ***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### ***Deferred tax***

Deferred taxation is provided in full in respect of material amounts of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

# **DODD GROUP LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 MARCH 2016**

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#### **1 Accounting policies**

##### **1.13 Provisions**

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

##### **1.14 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### **1.15 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

##### **1.16 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

#### **2 Judgements and key sources of estimation uncertainty**

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

# DODD GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2016

#### 3 Operating profit

	2016 £000	2015 £000
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	283	149
Depreciation of tangible fixed assets held under finance leases	178	120
Profit on disposal of tangible fixed assets	3	9
Operating lease charges - land and buildings	380	343
- plant and machinery	724	557
	<u>          </u>	<u>          </u>

#### 4 Auditor's remuneration

	2016 £000	2015 £000
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	2	2
Audit of the company's subsidiaries	43	44
	<u>          </u>	<u>          </u>
	45	46
	<u>          </u>	<u>          </u>
<b>For non-audit services</b>		
All other non-audit services for the company	2	3
All other non-audit services for the group	40	23
	<u>          </u>	<u>          </u>
	42	26
	<u>          </u>	<u>          </u>

#### 5 Employees

The average monthly number of persons (including directors) employed by the group during the year was:

	2016 Number	2015 Number
Management & administration	298	263
Productive operatives	364	315
	<u>          </u>	<u>          </u>
	662	578
	<u>          </u>	<u>          </u>

# DODD GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2016

#### 5 Employees

Their aggregate remuneration comprised:

	2016 £000	2015 £000
Wages and salaries	24,528	20,838
Social security costs	2,418	2,140
Pension costs	259	206
	<u>27,205</u>	<u>23,184</u>

#### 6 Limitation of auditor's liability

In accordance with the Companies Act 2006 (s538), we are required to disclose any auditor liability limitation agreements in effect.

A resolution was passed dated 30 November 2016 which limits the liability of the auditor to £5 million for any loss or damage suffered by the group of companies to which Dodd Group Limited belongs, arising out of or in connection with the provision of the services provided by the auditor, including negligence but not wilful default.

#### 7 Interest receivable and similar income

	2016 £000	2015 £000
<b>Interest income</b>		
Interest on bank deposits	90	117
Other interest income	210	-
	<u>300</u>	<u>117</u>

#### 8 Interest payable and similar charges

	2016 £000	2015 £000
Other interest	4	2
	<u>4</u>	<u>2</u>

#### 9 Taxation

	2016 £000	2015 £000
<b>Current tax</b>		
UK corporation tax on profits for the current period	621	515
Adjustments in respect of prior periods	(1)	3
	<u>620</u>	<u>518</u>

# DODD GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2016

#### 9 Taxation

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	<b>2016</b> <b>£000</b>	<b>2015</b> <b>£000</b>
Profit before taxation	<u>2,853</u>	<u>2,747</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 21.00%)	571	577
Tax effect of expenses that are not deductible in determining taxable profit	37	12
Adjustments in respect of prior years	(1)	3
Group relief	-	(1)
Under/(over) provided in prior years	(1)	-
Other tax adjustments	-	2
Capital allowances in excess of depreciation	<u>14</u>	<u>(75)</u>
Tax expense for the year	<u>620</u>	<u>518</u>

#### 10 Dividends

	<b>2016</b> <b>£000</b>	<b>2015</b> <b>£000</b>
Ordinary paid	<u>2,000</u>	<u>130</u>

# DODD GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2016

#### 11 Tangible fixed assets

Group	Plant and machinery £000	Office equipment £000	Motor vehicles £000	Total £000
<b>Cost</b>				
At 1 April 2015	159	791	2,743	3,693
Additions	-	52	781	833
Disposals	-	-	(168)	(168)
At 31 March 2016	159	843	3,356	4,358
<b>Depreciation and impairment</b>				
At 1 April 2015	159	695	2,161	3,015
Depreciation charged in the year	-	71	389	460
Eliminated in respect of disposals	-	-	(163)	(163)
At 31 March 2016	159	766	2,387	3,312
<b>Carrying amount</b>				
At 31 March 2016	-	77	969	1,046
At 31 March 2015	-	96	582	678

The company had no tangible fixed assets at 31 March 2016 or 31 March 2015.

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2016 £000	2015 £000	Company 2016 £000	2015 £000
Office equipment	-	30	-	-
Motor vehicles	549	327	-	-
	549	357	-	-
Depreciation charge for the year in respect of leased assets	178	120	-	-

#### 12 Fixed asset investments

	Notes	Group 2016 £000	2015 £000	Company 2016 £000	2015 £000
Investments in subsidiaries	13	-	-	18	18



# DODD GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2016

#### 13 Subsidiaries

Details of the company's subsidiaries at 31 March 2016 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held	
			Direct	Indirect
Dodd Group (Midlands) Ltd	Electrical, heating & ventilation contractors	Ordinary	100.00	
Dodd Group (Eastern) Limited	Electrical, heating & ventilation contractors	Ordinary	100.00	
Dodd Group (South) Limited	Electrical, heating & ventilation contractors	Ordinary	100.00	
Technology Installation Services Limited	I.T. Network Systems designers & installers	Ordinary	100.00	
DG Ecogen Limited	Heating & ventilation contractors	Ordinary	100.00	

#### 14 Financial instruments

	Group 2016 £000	2015 £000	Company 2016 £000	2015 £000
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	49,908	46,765	1,377	1,377
Equity instruments measured at cost less impairment	-	-	18	18
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost:	21,668	19,421	15	11

Financial assets measured at amortised cost consists of trade debtors, other debtors amounts due from parent undertaking and cash at bank.

In respect of the company only, this also includes amounts due from subsidiary undertakings.

Financial liabilities measured at amortised cost consists of trade creditors, directors' current accounts, obligations under hire purchase contracts, amounts due to parent undertaking, other creditors and accruals. In respect of the company only, this also includes amounts due to subsidiary undertakings.

#### 15 Stocks

	Group 2016 £000	2015 £000	Company 2016 £000	2015 £000
Raw materials and consumables	18	19	-	-
Work in progress	2,293	1,737	-	-
Payments received on account	(834)	(303)	-	-
	1,478	1,453	-	-

# DODD GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2016

#### 16 Construction contracts

	Group 2016 £000	2015 £000	Company 2016 £000	2015 £000
<b>Contracts in progress at the reporting date</b>				
Gross amounts due from contract customers included in debtors	29,979	23,428	-	-
Gross amounts due to contract customers included in creditors	(2,648)	(96)	-	-
Gross amounts due to contract customers included in work in progress	(834)	(303)	-	-

Turnover reported in the accounts is wholly derived from construction contracts.

#### 17 Debtors

	Group 2016 £000	2015 £000	Company 2016 £000	2015 £000
<b>Amounts falling due within one year:</b>				
Trade debtors	25,624	21,085	-	-
Gross amounts due from contract customers	4,354	2,343	-	-
Amounts due from group undertakings	3,388	3,856	1,377	1,377
Other debtors	180	35	-	-
Prepayments and accrued income	393	550	-	-
	33,939	27,869	1,377	1,377

#### 18 Creditors: amounts falling due within one year

	Notes	Group 2016 £000	2015 £000	Company 2016 £000	2015 £000
Obligations under hire purchase contracts	20	845	315	-	-
Payments received on account		2,648	96	-	-
Trade creditors		16,356	15,743	-	-
Amounts due to group undertakings in which the group has a participating interest		529	9	13	9
Corporation tax payable		355	429	-	-
Other taxation and social security		2,655	2,302	-	-
Directors current accounts		2,163	1,681	2	2
Other creditors		64	141	-	-
Accruals and deferred income		1,532	1,706	4	4
		27,147	22,422	19	15

# DODD GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

**19 Creditors: amounts falling due after more than one year**

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Other creditors	179	-	-	-

**20 Hire purchase obligations**

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Future minimum lease payments due under finance leases:				
Within one year	845	315	-	-

Hire purchase payments represent rentals payable by the company for motor vehicles. Contracts include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. All contracts are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

**21 Provisions for liabilities**

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Other provisions	727	452	-	-

# DODD GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2016

#### 21 Provisions for liabilities

Movements on provisions:

Group	£000
At 1 April 2015	452
Additional provisions in the year	275
At 31 March 2016	727

These provisions have been recognised as the best estimate of the anticipated costs to complete contracts on which there remains uncertainty over the final cost position. Although the timing of completion is also uncertain, the costs are expected to be incurred in the next financial year.

#### 22 Retirement benefit schemes

	2016 £000	2015 £000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	259	205

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

At the year end contributions of £22,136 (2015 £38,871) were outstanding.

#### 23 Share capital

	Group and company	
	2016 £000	2015 £000
Ordinary share capital		
Issued and fully paid		
17,898 Ordinary of £1 each	18	18

#### 24 Profit and loss reserves

	Group		Company	
	2016 £000	2015 £000	2016 £000	2015 £000
At the beginning of the year	28,898	26,799	1,364	1,369
Profit for the year	2,233	2,229	1,995	125
Dividends	(2,000)	(130)	(2,000)	(130)
At the end of the year	29,131	28,898	1,359	1,364

#### 25 Financial commitments, guarantees and contingent liabilities

An inter-company guarantee dated 6 December 2002 is given to the bank whereby on receipt of a demand in writing the company will discharge any liabilities in respect of itself or any of its subsidiaries. It is not however practicable to attempt to quantify, and the directors are not aware of, any potential liability.

# DODD GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2016

#### 26 Operating lease commitments

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Within one year	736	469	-	-
Between two and five years	955	558	-	-
In over five years	1,246	1,260	-	-
	<u>2,937</u>	<u>2,287</u>	<u>-</u>	<u>-</u>

Included in the above is a commitment of £1,316,000 relating to a 125 year lease for ground rent, expiring in May 2110.

#### 27 Directors' transactions

During the year loans accounts were operated with the directors. At the year end £2,163,557 was owed to the directors in this regard.

#### 28 Controlling party

The company is under the control of its parent company Dodd Group Holdings Limited. The ultimate controlling party is Mr T R Dodd.

#### 29 Related party transactions

##### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Aggregate compensation	<u>1,883</u>	<u>1,680</u>

No guarantees have been given or received.

#### 30 Directors' remuneration

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Remuneration for qualifying services	<u>1,357</u>	<u>1,219</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2015 - 1).

# **DODD GROUP LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### ***FOR THE YEAR ENDED 31 MARCH 2016***

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#### **30 Directors' remuneration**

Remuneration disclosed above includes the following amounts paid to the highest paid director:

Remuneration for qualifying services	<u>557</u>	<u>816</u>
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