

Registered number: 02330586

AVONSIDE ROOFING LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**



AVONSIDE ROOFING LIMITED

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AVONSIDE ROOFING LIMITED

COMPANY INFORMATION

DIRECTORS

A Burke
V Hughes
K Kershaw
A Morley
N S Tappin (Resigned 3rd June 2019)
R Bhogaita (Appointed 3rd June 2019)

COMPANY SECRETARY

K Kershaw

REGISTERED NUMBER

02330586

REGISTERED OFFICE

The Courtyard
Green Lane
Heywood
Lancashire
OL10 2EX

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Hardman Square, Manchester
M3 3EB

BANKERS

National Westminster Bank Plc
32 Market Street
Leigh
Lancashire
WN7 1DX

AVONSIDE ROOFING LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present the strategic report for Avonside Roofing Limited (the "Company") for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The principal activities of the Company are roofing, solar installations and roofing maintenance. The established client base consists of house builders, construction companies, private landlords, retail homeowners and direct to a number of local authorities and public sector bodies.

REVIEW OF THE BUSINESS

Results and performance

The results of the Company for the year as set out on page 8 show a profit before taxation of £862,651 (2017: £3,058,323). The company had net assets of £24,436,247 (2017: £23,237,804). The directors are satisfied with the results for the year and are confident that growth will be achieved in 2019 based on actual 2019 results tracking in-line with budget.

Business environment

Housing demand is expected to increase across the country over the coming year. The company continues to develop and seek further opportunities within our sector which is reflected in our increasing order book. The business continually assesses the national economy to monitor potential impacts on trading, policies are considered to mitigate impacts where possible.

The company continues to monitor the national political environment and in particular the planned exit from the European Union. As a result multiple scenarios have been modelled and plans are in place to adjust business strategies accordingly. The company has already begun pre-emptive action to mitigate any adverse impacts and consider potential advantages each scenario may offer. The company feels its adopted business model affords the flexibility required to deal with each case.

Strategy

The Company continues to focus on internal controls to maintain and improve margins where possible as well as ensuring that growth is achieved in a well-managed and controlled manner. Further IT developments and systems improvements are coming into the business and will assist in further enhancing performance.

Excellence in delivery of service is always a prerequisite in the industry to maintain repeat work and this is a constant focus across the business.

Training

The Company continues to be the largest provider of training in the sector and is committed to a continued development programme in which apprentice training is fundamental.

Disabled employees

The Company gives full and fair consideration to applications for employment from disabled persons where the requirement of the role may be adequately covered by a handicapped or disabled person.

In regard to existing employees who may become disabled the Company would always look for ways to continue employment under normal terms and conditions.

Employee involvement

During the year the Company has continued to provide information through its internal electronic communications and web site updates.

AVONSIDE ROOFING LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018.

Financial risk management

The Company maintains its focus on cash generation and cash management from trading operations to assist in funding ongoing investment and future development. The Company carries out rigorous credit checks on new customers and reviews on existing customers, where ever possible risk is insured or mitigated in otherways. Improved systems and processes are also designed to reduce risk and advance management information within the business.

Liquidity Risk

The company's primary banking is with National Westminster Bank Plc as is the ultimate parent company's. The Group manages these facilities so that it can meet its financial obligations as and when they fall due as well as ensuring that sufficient funds are available for operations and planned expansions.

Credit Risk

The company has rigorous credit checking procedures in place for potential and exciting customers, the majority of debt is insured and in addition relationships are formed with clients that assist in understanding and managing credit risk.

Interest Risk

The company has interest bearing assets and interest bearing liabilities. Interest bearing assets include cash which earns interest at variable rates. The company manages interest rate risk by actively monitoring its cash requirement through forecasts to ensure sufficient cash is available.

Future Developments

The Company continues to focus on internal controls to maintain and improve margins where possible as well as ensuring that growth is achieved in a well-managed and controlled manner. Further IT developments and systems improvements are coming into the business and will assist in further enhancing performance.

Financial Key Performance Indicators

Key performance indicators used within the business are Gross Margin: 22.3% (2017: 22.5%), Debtor Days: 78 days (2017: 77 days), and cash generation: company cash balance improved by £2.7m compared to 2017. Management are confident the results for 2018 are in line with expectation and will support continued growth into 2019.

This report was approved by the board on 30 September 2019 and signed on its behalf by:



A Burke
Director

AVONSIDE ROOFING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and the audited financial statements for Avonside Roofing Limited (the "Company") for the year ended 31 December 2018.

RESULTS AND DIVIDENDS

The profit for the financial year amounted to £714,698 (2017: £2,455,953). The company had net assets of £24,436,247 (2017: £23,237,804).

No dividends were paid during the year (2017: £Nil).

DIRECTORS

The directors who served during the year and up to the date of signing the financial statements were:

A Burke
V Hughes
K Kershaw
A Morley
N S Tappin (Resigned 3rd June 2019)
R Bhogaita (Appointed 3rd June 2019)

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 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.

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.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

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

AVONSIDE ROOFING LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

FUTURE DEVELOPMENTS

Future developments are disclosed in the strategic report on page 3.

FINANCIAL RISK MANAGEMENT

Financial risk management is disclosed in the strategic report on page 3.

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

Qualifying third party directors indemnity provisions are in place for the benefit of the directors of the company. These have been in place for the entirety of the financial year and period up to the date of signing these financial statements.

INDEPENDENT AUDITORS

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

This report was approved by the board on 30 September 2019 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'A. Burke', is written over a horizontal line.

A Burke
Director

Independent auditors' report to the members of Avonside Roofing Limited

Report on the audit of the financial statements

Opinion

In our opinion, Avonside Roofing Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2018; the Profit and Loss Account, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

AVONSIDE ROOFING LIMITED

Strategic Report and Directors' Report

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 year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Rebecca Gissing (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
30 September 2019

AVONSIDE ROOFING LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Turnover	4	64,808,011	69,171,334
Cost of sales		(50,309,140)	(53,564,751)
Gross profit		14,498,871	15,606,583
Administrative expenses		(13,636,220)	(12,544,681)
Operating profit	5	862,651	3,061,902
Interest payable and other expenses	10	-	(3,579)
Profit before taxation		862,651	3,058,323
Tax on profit	11	(147,953)	(602,371)
Profit for the financial year		714,698	2,455,952

The Company has no other comprehensive income other than the results shown above and as such no separate statement of other comprehensive income is presented (2017: £NIL).

All amounts related to continuing operations.

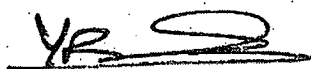
The notes on pages 11 to 23 form part of these financial statements.

AVONSIDE ROOFING LIMITED
REGISTERED NUMBER: 02330586

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	12	653,634	703,501
Current assets			
Stocks	13	2,794,582	3,983,421
Debtors	14	28,875,968	29,578,694
Cash at bank and in hand	15	1,636,471	
		<u>33,307,021</u>	<u>33,562,115</u>
Creditors: amounts falling due within one year	16	(9,472,131)	(10,969,365)
Net current assets		<u>23,834,890</u>	<u>22,592,750</u>
Total assets less current liabilities		<u>24,488,524</u>	<u>23,296,251</u>
Provisions for liabilities			
Deferred tax	17	(52,277)	(58,447)
Net assets		<u>24,436,247</u>	<u>23,237,804</u>
Capital and reserves			
Called up share capital	18	2,000	2,000
Share premium account	19	2,428,500	2,428,500
Capital redemption reserve	21	483,745	-
Profit and loss account	19	21,522,002	20,807,304
Total shareholders' funds		<u>24,436,247</u>	<u>23,237,804</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 September 2019 by:



A Burke
Director

The notes on pages 11 to 23 form part of these financial statements.

AVONSIDE ROOFING LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £	Capital redemption reserve £	Share premium account £	Profit and loss account £	Total shareholders funds £
At 1 January 2017	2,000	-	2,428,500	18,351,352	20,781,852
Profit for the financial year	-	-	-	2,455,952	2,455,952
At 31 December and 1 January 2018	2,000	-	2,428,500	20,807,304	23,237,804
Profit for the financial year	-	-	-	714,698	714,698
Credit relating to equity settled share-based payments	-	483,745	-	-	483,745
At 31 December 2018	2,000	483,745	2,428,500	21,522,002	24,436,247

AVONSIDE ROOFING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. GENERAL INFORMATION

The Company is a private company limited by shares and is incorporated in England. The address of its registered office is The Courtyard, Green Lane, Heywood, Lancashire, OL10 2EX.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The Directors have prepared these financial statements on a going concern basis after assessing the expected consolidated budgeted performance of the Company out to a period of no less than 12 months from the date on which these financial statements have been signed.

The following principal accounting policies have been applied consistently throughout the year:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45; 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Burke Investments Limited as at 31 December 2018 and these financial statements may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Turnover

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

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Tangible assets

Tangible assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

AVONSIDE ROOFING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Tangible assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Land and buildings	-	20%
Plant and machinery	-	15%
Motor vehicles	-	25%
Fixtures and fittings	-	15%
Equipment	-	33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.5 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each Balance Sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.7 Share-based payments

The company participates in a share-based payment arrangement established by a group company, the company takes advantage of the alternative treatment allowed under Section 26 of FRS 102. The company recognises the share-based payment expense based on an allocation of its share of the group's total expense, calculated in proportion to the number of participating employees. The corresponding credit is recognised in retained earnings as a component of equity.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. ACCOUNTING POLICIES (CONTINUED)

2.9 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

AVONSIDE ROOFING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. ACCOUNTING POLICIES (CONTINUED)

2.12 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.13 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for net assets and liabilities as at the period end date and the amounts reported for revenues and expenses during the year. Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on the amounts recognised in the financial statements:

Share-based payments

The company's employees have been granted share options by the ultimate parent company, Burke Investments Ltd. The company makes use of the exemption in Section 26 of FRS102 to account for the expense based on a reasonable allocation of the parent company's total expenses based on the number of participating employees in the company compared to the number of participating employees in the group.

The company also considered an allocation based on the relative remuneration cost of the relevant employees and considered that this gave rise to no significant differences in the allocated costs.

4. TURNOVER

An analysis of turnover by class of business is as follows:

	2018 £	2017 £
Construction contracts	64,808,011	69,171,334

The whole of the turnover is attributable to the principal activity of the Company wholly undertaken in the United Kingdom.

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2018 £	2017 £
Depreciation of tangible assets	243,508	167,052
Gain on disposal of tangible assets	-	(3,691)
Operating lease rentals	819,441	443,378

6. OPERATING LEASES

At 31 December, the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	785,396	388,611
Later than 1 year and not later than 5 years	1,088,592	669,469
Later than 5 years	-	12,964
	1,873,988	1,071,044

AVONSIDE ROOFING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

7. AUDITORS' REMUNERATION

	2018 £	2017 £
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	42,000	40,000

Costs related to non-audit services provided to the company are borne by the ultimate parent whose details can be found in Note 23 within these financial statements and these include tax and advisory services. No recharges are made to the company.

8. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	2018 £	2017 £
Wages and salaries	8,217,406	8,610,887
Social security costs	872,686	881,345
Other pension costs	296,309	270,784
Charge relating to equity settled share-based payments (note 21)	550,502	-
	9,936,903	9,763,016

The average monthly number of employees, including the directors, during the year was as follows:

	2018 No.	2017 No.
Production staff	28	38
Administrative staff	187	195
	215	233

9. DIRECTORS' REMUNERATION

	2018 £	2017 £
Directors' emoluments	1,225,487	891,908
Company contributions to defined contribution pension schemes	103,388	58,899
	1,328,875	950,807

During the year retirement benefits were accruing to 5 directors (2017: 5) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £296,120 (2017: £278,863).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £40,000 (2017: £7,500).

AVONSIDE ROOFING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

10. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018	2017
	£	£
Interest on bank loans and overdrafts	-	2,843
Other interest payable and similar charges	-	736
	<u>-</u>	<u>3,579</u>

11. TAX ON PROFIT

	2018	2017
	£	£
CORPORATION TAX		
Current tax on profits for the year	172,377	561,452
Adjustments in respect of previous periods	(13,093)	(13,377)
	<u>159,284</u>	<u>548,075</u>
TOTAL CURRENT TAX		
DEFERRED TAX		
Origination and reversal of timing differences	(1,817)	31,064
Adjustment in respect of previous periods	(9,705)	-
Changes to tax rates	191	23,232
	<u>(11,331)</u>	<u>54,296</u>
TOTAL DEFERRED TAX		
TAX ON PROFIT	<u>147,953</u>	<u>602,371</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

11. TAX ON PROFIT (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2017: higher than) the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	862,651	3,058,323
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%)	163,904	588,727
EFFECTS OF:		
Expenses not deductible for tax purposes	6,656	3,190
Adjustments to tax charge in respect of prior periods	(22,798)	9,855
Other differences leading to an increase in the tax charge	191	599
TOTAL TAX CHARGE FOR THE YEAR	147,953	602,371

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The tax rate for the current year is lower than the prior year, due to changes in the UK corporation tax rate, which decreased from 20% to 19% from April 2017. Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate 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.

AVONSIDE ROOFING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

12. TANGIBLE ASSETS

	Land and buildings	Plant and machinery	Fixtures and fittings	Motor vehicles	Equipment	Total
	£	£	£	£	£	£
Cost						
At 1 January 2018	117,172	198,829	364,888	149,981	944,369	1,775,239
Additions	-	34,466	20,346	-	138,829	193,641
Disposals	-	(10,000)	-	-	-	(10,000)
At 31 December 2018	117,172	223,295	385,234	149,981	1,083,198	1,958,880
Accumulated depreciation						
At 1 January 2018	90,256	165,689	169,882	128,257	517,654	1,071,738
Charge for the year	17,000	3,202	46,971	7,520	168,815	243,508
Disposals	-	(10,000)	-	-	-	(10,000)
At 31 December 2018	107,256	158,891	216,853	135,777	686,469	1,305,246
Net book value						
At 31 December 2018	9,916	64,404	168,381	14,204	396,729	653,634
At 31 December 2017	26,916	33,140	195,006	21,724	426,715	703,501

Depreciation has been charged to administrative expenses within the profit and loss.

13. STOCKS

	2018 £	2017 £
Raw materials and consumables	2,059,829	3,330,951
Work in progress	734,753	652,470
	<u>2,794,582</u>	<u>3,983,421</u>

Stock recognised in cost of sales during the year as an expense was £29,941,368 (2017: £35,196,500).

An impairment loss of £99k (2017: £nil) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

Stock is shown net of provision of £99k (2017: £NIL).

AVONSIDE ROOFING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

14. DEBTORS

	2018 £	2017 £
Trade debtors	13,917,101	14,631,580
Amounts owed by group undertakings	11,961,139	9,903,233
Other debtors	2,768,606	3,979,696
Prepayments and accrued income	229,122	1,064,185
	<u>28,875,968</u>	<u>29,578,694</u>

Amounts owed by group undertakings are non-interest bearing and repayable on demand.

Trade debtors are stated after provisions for impairment of £351k (2017: £379k).

15. CASH AT BANK AND IN HAND

	2018 £	2017 £
Cash at bank and in hand	<u>1,636,471</u>	<u>-</u>

16. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	6,576,242	7,062,956
Corporation tax	165,507	647,999
Other taxation and social security	470,965	491,076
Bank overdrafts	-	1,069,039
Other creditors	499,866	316,168
Accruals and deferred income	1,759,551	1,382,127
	<u>9,472,131</u>	<u>10,969,365</u>

AVONSIDE ROOFING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

17. DEFERRED TAX LIABILITY

	2018 £
At beginning of year	58,447
Charged to the Statement of Comprehensive Income	(6,170)
AT END OF YEAR	52,277
	2018 £
	2017 £
Accelerated capital allowances	52,277
	58,447
	52,277
	58,447

There are no unused tax losses or unused tax credits. The deferred tax liability is expected to be payable within 12 months based on the 2019 budgets and actual results observed so far.

18. CALLED UP SHARE CAPITAL

	2018 £	2017 £
Shares classified as equity		
Allotted, called up and fully paid		
2,000 (2017: 2,000) Ordinary shares £1 each	2,000	2,000

19. RESERVES

Share premium account

Share premium represents the amount subscribed for share capital in excess of the nominal value.

Profit and loss account

The profit and loss account represents the accumulated profits, losses and distributions of the Company.

20. PENSION COMMITMENTS

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £296,309 (2017: £270,784).

At the end of the year, there was an amount outstanding of £14,177 (2017: £10,586) included in the creditors balance in relation to such schemes.

AVONSIDE ROOFING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

21. SHARE-BASED PAYMENTS

Certain employees of the company along with other group employees have been granted share options over the shares in Burke Investments Ltd. The options are provided with conditions and the exercise price varies based on multiple factors. Employees are required to remain in employment with the group.

The company recognises an equity-settled share-based payment expense based on a reasonable allocation of the total charge for the group. This allocation is the total charge for the group pro-rated for the number of participating employees of the company.

	No.	2018 Weighted Average Exercise Price £	No.	2017 Weighted Average Exercise Price £
Outstanding 1 January	-	-	-	-
Granted	565	945	-	-
Forfeited	(53)	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding 31 December	512	945	-	-

None of these options are exercisable at 31 December 2018. The total charge for the year was £483,745 (2017: £NIL). Within the accruals and deferred income line in note 16 there is accrued national insurance in respect of the above charge for £66,757 (2017: £NIL).

22. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

During the year, the Company paid rent of £124,500 (2017: £26,000) on properties owned by the pension fund of A Burke, A Morley & K Kershaw. The property was used in the Company's ordinary course of business and the directors considered this to be open market rental value.

23. CONTROLLING PARTY

By virtue of ownership of 100% of the issued share capital of the Company, the directors consider Avonside Group Services Limited, a company registered in England and Wales, to be the immediate parent undertaking. By virtue of ownership of 100% of the issued share capital of Avonside Group Services Limited from 15 July 2016, the directors consider Burke Investments Limited, a company registered in England and Wales, to be the ultimate parent undertaking.

A copy of the consolidated financial statements of Avonside Group Services Limited and Burke Investments Limited can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

The Company was not under the control of one single person throughout the year or the previous year.