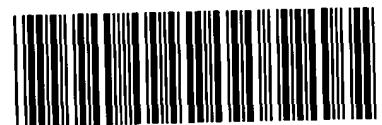


COMPANY REGISTRATION NUMBER 02558280

V G CLEMENTS LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2016

SATURDAY



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COMPANIES HOUSE

ABBOT^s
Chartered Certified Accountants & Statutory Auditor
Printing House
66 Lower Road
Harrow
HA2 0DH

V.G. Clements Limited

Financial Statements

Year ended 31st December 2016

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V.G. Clements Limited

Strategic Report

Year ended 31st December 2016

REVIEW OF THE BUSINESS

The principal activity of the company during the year under review was that of providing specialist labour solutions and tailored packages to the railway networks and construction industry.

Results and performance

The company has achieved a gross profit margin of 27.5%, an increase of 7.9% on the December 2015 figures. This was achieved in part through increased turnover but also through tighter cost control. The improved gross profit margin has also led to an increase in the net profit margin as overheads were maintained in line with the increased turnover.

The results for the year are set out on page 7.

Highlights and Key Performance Indicators (KPI's):

Turnover £12.2m

Gross profit margin of 27.5% with gross profit of £3.37m

Good liquidity ratios with the current ratio at 1.35

A sustained level of net assets

Business environment

The market the company operates in is very tightly controlled, both in terms of cost and health and safety. The company is acutely aware of both of these issues.

The directors consider the company's position at 31st December 2016 to be consistent with its expectations and are forecasting continued improvement over the coming twelve months.

Strategy and future developments

The company continues to seek to develop new strategies in an attempt to increase market share. The company aims to do this through continued marketing and improved training.

The focus of the Board is to ensure that all the resources necessary to provide our customers with high quality service are available to establish long lasting partnerships with our clients. The company aims to maintain a good project delivery experience, an excellent safety record, a dedicated project management team, a positive attitude to new solutions and cost efficiencies and a tailored strategy for each project.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and the accounts.

PRINCIPAL RISKS AND UNCERTAINTIES

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by management. Compliance with regulation, legal and ethical standards is a priority for the company.

The principal risks arise from winning new contracts and retaining site staff.

V.G. Clements Limited

Strategic Report *(continued)*

Year ended 31st December 2016

FINANCIAL RISK MANAGEMENT

The company has a normal level of exposure to price, credit, liquidity and cash flow risks arising from trading activities which are only conducted in sterling.

The company's principal methods of financing comprise bank balances, trade creditors, trade debtors and loans to the company. The main purpose of these is to maintain sufficient cash flows needed for the company's operations.

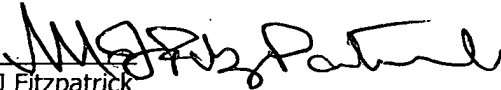
The company's approach to managing risks applicable to the financing methods concerned is shown below.

In respect of bank balances the liquidity risk is managed by maintaining a positive cash balance.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

This report was approved by the board of directors on 25th August 2017 and signed on behalf of the board by:


Mr M J Fitzpatrick
Director

Registered office:
Cardinal House
Bury Street
Ruislip
HA4 7GD

V.G. Clements Limited

Directors' Report

Year ended 31st December 2016

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

Directors

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

Mrs C M Pryce
Mr L R McKidd
Mr J Kriel
Mr M J Fitzpatrick

Dividends

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

Disclosure of information in the strategic report

Details of the business review and future developments are discussed in the Strategic Report.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Auditor

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

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

V.G. Clements Limited

Directors' Report *(continued)*

Year ended 31st December 2016

This report was approved by the board of directors on 25th August 2017 and signed on behalf of the board by:


Mr M J Fitzpatrick
Director

Registered office:
Cardinal House
Bury Street
Ruislip
HA4 7GD

V.G. Clements Limited

Independent Auditor's Report to the Members of V.G. Clements Limited

Year ended 31st December 2016

We have audited the financial statements of V.G. Clements Limited for the year ended 31st December 2016 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

V.G. Clements Limited

Independent Auditor's Report to the Members of V.G. Clements Limited (*continued*)

Year ended 31st December 2016

Matters on which we are required to report by exception

we have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Gary Redmond Till
Senior Statutory Auditor

For and on behalf of
Abbots
Chartered Certified Accountants & statutory auditor
Printing House
66 Lower Road
Harrow
HA2 0DH

25th August 2017

V.G. Clements Limited

Statement of Income and Retained Earnings

Year ended 31st December 2016

	Note	2016 £	2015 £
Turnover	4	12,291,860	10,526,779
Cost of sales		8,912,032	8,464,427
Gross profit		3,379,828	2,062,352
Administrative expenses		1,894,312	1,566,105
Operating profit	5	1,485,516	496,247
Other interest receivable and similar income	8	1,238	–
Interest payable and similar expenses	9	1,231	2,720
Profit before taxation		1,485,523	493,527
Tax on profit	10	303,324	106,111
Profit for the financial year and total comprehensive income		1,182,199	387,416
Dividends paid and payable	11	(3,000,000)	(250,000)
Retained earnings at the start of the year		2,829,605	2,692,189
Retained earnings at the end of the year		1,011,804	2,829,605

All the activities of the company are from continuing operations.

The notes on pages 10 to 16 form part of these financial statements.

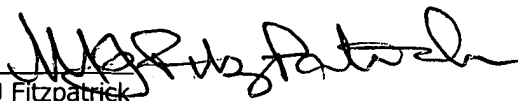
V.G. Clements Limited

Statement of Financial Position

31st December 2016

	Note	2016 £	£	2015 £
Fixed assets				
Tangible assets	12		–	7,044
Current assets				
Debtors	13	3,035,970		4,849,883
Cash at bank and in hand		841,673		942,641
		<u>3,877,643</u>		<u>5,792,524</u>
Creditors: amounts falling due within one year	14	<u>2,864,839</u>		<u>2,968,411</u>
Net current assets			1,012,804	<u>2,824,113</u>
Total assets less current liabilities			1,012,804	<u>2,831,157</u>
Provisions				
Taxation including deferred tax	15		–	552
Net assets			<u>1,012,804</u>	<u>2,830,605</u>
Capital and reserves				
Called up share capital	17		1,000	1,000
Profit and loss account	18		1,011,804	2,829,605
Members funds			<u>1,012,804</u>	<u>2,830,605</u>

These financial statements were approved by the board of directors and authorised for issue on 25th August 2017, and are signed on behalf of the board by:


 Mr M J Fitzpatrick
 Director

Company registration number: 02558280

The notes on pages 10 to 16 form part of these financial statements.

V.G. Clements Limited

Statement of Cash Flows

Year ended 31st December 2016

	2016 £	2015 £
Cash flows from operating activities		
Profit for the financial year	1,182,199	387,416
<i>Adjustments for:</i>		
Depreciation of tangible assets	–	783
Other interest receivable and similar income	(1,238)	–
Interest payable and similar expenses	1,231	2,720
Loss on disposal of tangible assets	7,044	–
Tax on profit	303,324	106,111
Accrued expenses/(income)	410,686	(110,968)
<i>Changes in:</i>		
Trade and other debtors	1,813,913	(643,881)
Trade and other creditors	(233,150)	188,010
Cash generated from operations	3,484,009	(69,809)
Interest paid	(1,231)	(2,720)
Interest received	1,238	–
Tax paid	(66,105)	(118,374)
Net cash from/(used in) operating activities	<u>3,417,911</u>	<u>(190,903)</u>
Cash flows from financing activities		
Proceeds from loans from group undertakings	(518,879)	355,551
Dividends paid	(3,000,000)	(250,000)
Net cash (used in)/from financing activities	<u>(3,518,879)</u>	<u>105,551</u>
Net decrease in cash and cash equivalents	(100,968)	(85,352)
Cash and cash equivalents at beginning of year	<u>942,641</u>	<u>1,027,993</u>
Cash and cash equivalents at end of year	<u>841,673</u>	<u>942,641</u>

The notes on pages 10 to 16 form part of these financial statements.

V.G. Clements Limited

Notes to the Financial Statements

Year ended 31st December 2016

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Cardinal House, Bury Street, Ruislip, HA4 7GD.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revenue recognition

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

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

V.G. Clements Limited

Notes to the Financial Statements *(continued)*

Year ended 31st December 2016

3. Accounting policies *(continued)*

Tangible assets *(continued)*

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

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

Office equipment - 10% reducing balance

Impairment of fixed assets

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

Provisions

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

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

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

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

Debt instruments are subsequently measured at amortised cost.

V.G. Clements Limited

Notes to the Financial Statements *(continued)*

Year ended 31st December 2016

4. Turnover

Turnover arises from:

	2016 £	2015 £
Management and delivery of projects in the rail industry	<u>12,291,860</u>	<u>10,526,779</u>

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

5. Operating profit

Operating profit or loss is stated after charging:

	2016 £	2015 £
Depreciation of tangible assets	–	783
Loss on disposal of tangible assets	7,044	–
Impairment of trade debtors	<u>3,833</u>	<u>–</u>

6. Auditor's remuneration

	2016 £	2015 £
Fees payable for the audit of the financial statements	<u>7,802</u>	<u>7,132</u>
Fees payable to the company's auditor and its associates for other services:		
Audit-related assurance services	<u>8,082</u>	<u>5,414</u>

7. Staff costs

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

	2016 No.	2015 No.
Direct	<u>65</u>	<u>57</u>

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

	2016 £	2015 £
Wages and salaries	2,958,198	3,464,791
Social security costs	<u>307,006</u>	<u>265,918</u>
	<u>3,265,204</u>	<u>3,730,709</u>

V.G. Clements Limited

Notes to the Financial Statements *(continued)*

Year ended 31st December 2016

8. Other interest receivable and similar income

	2016 £	2015 £
Other interest receivable and similar income	<u>1,238</u>	<u>–</u>

9. Interest payable and similar expenses

	2016 £	2015 £
Interest on banks loans and overdrafts	<u>1,231</u>	<u>2,720</u>

10. Tax on profit

Major components of tax expense

	2016 £	2015 £
Current tax:		
UK current tax expense	303,876	106,105
Deferred tax:		
Origination and reversal of timing differences	(552)	6
Tax on profit	<u>303,324</u>	<u>106,111</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2015: higher than) the standard rate of corporation tax in the UK of 20% (2015: 20.25%).

	2016 £	2015 £
Profit on ordinary activities before taxation	<u>1,485,523</u>	<u>493,527</u>
Profit on ordinary activities by rate of tax	297,105	99,923
Effect of expenses not deductible for tax purposes	5,999	6,215
Effect of capital allowances and depreciation	772	(33)
Deferred tax movement	(552)	6
Tax on profit	<u>303,324</u>	<u>106,111</u>

11. Dividends

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

	2016 £	2015 £
Equity dividends on ordinary shares	<u>3,000,000</u>	<u>250,000</u>

V.G. Clements Limited

Notes to the Financial Statements (continued)

Year ended 31st December 2016

12. Tangible assets

	Equipment £	Total £
Cost		
At 1st January 2016	11,930	11,930
Disposals	(11,930)	(11,930)
At 31st December 2016	<u>–</u>	<u>–</u>
Depreciation		
At 1st January 2016	4,886	4,886
Disposals	(4,886)	(4,886)
At 31st December 2016	<u>–</u>	<u>–</u>
Carrying amount		
At 31st December 2016	<u>–</u>	<u>–</u>
At 31st December 2015	<u>7,044</u>	<u>7,044</u>

13. Debtors

	2016 £	2015 £
Trade debtors	1,750,782	849,689
Amounts owed by group undertakings	1,260,898	3,972,713
Prepayments and accrued income	24,290	27,481
	<u>3,035,970</u>	<u>4,849,883</u>

Of the trade debtors, £1,750,782 (2015 - £767,891) is attributable to amounts recoverable under construction contracts.

14. Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	434,810	266,896
Amounts owed to group undertakings	947,852	1,466,731
Accruals and deferred income	679,362	268,676
Corporation tax	303,876	66,105
Social security and other taxes	496,883	897,533
Other creditors	2,056	2,470
	<u>2,864,839</u>	<u>2,968,411</u>

V.G. Clements Limited

Notes to the Financial Statements *(continued)*

Year ended 31st December 2016

15. Provisions

	Deferred tax (note 16) £
At 1st January 2016	552
Unused amounts reversed	(552)
At 31st December 2016	<u>—</u>

16. Deferred tax

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

	2016 £	2015 £
Included in provisions (note 15)	<u>—</u>	<u>552</u>

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

	2016 £	2015 £
Accelerated capital allowances	<u>—</u>	<u>552</u>

17. Called up share capital

Authorised share capital

	2016		2015	
	No.	£	No.	£
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

Issued, called up and fully paid

	2016		2015	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

18. Reserves

Called up share capital - This reserve represents the nominal value of shares that have been issued.

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

V.G. Clements Limited

Notes to the Financial Statements *(continued)*

Year ended 31st December 2016

19. Contingencies

There is an intercompany guarantee between V.G. Clements Limited, V.G. Clements (Contractors) Limited, VGC Services Limited, VGC Personnel Limited and V.G.C. Construction Limited in favour of National Westminster Bank Plc.

There is a guarantee between V.G. Clements Limited and Ashley Industrial Properties Limited of £2,281,200 payable on demand in favour of National Westminster Bank Plc

20. Related party transactions

V.G. Clements Limited is a 100% owned subsidiary of VGC Group Limited. VGC Group Limited intends to prepare consolidated accounts therefore V.G. Clements Limited has taken advantage of the exemption contained within FRS 102 which eliminates the requirement to report related party balances.

VGC Group Limited owns 50% of Ashley Industrial Properties Limited. The following transactions took place during the year:

Ashley Industrial Properties Limited

Included in cost of sales is £nil (2015 - £20,681) invoiced by Ashley Industrial Properties Limited.

21. Controlling party

100% of the share capital is owned by VGC Group Limited. The directors consider this to be the ultimate parent company.

The group consolidated accounts can be obtained from the company's registered office; the address is stated on page 4 of these accounts.