

PAYE STONERWORK & RESTORATION LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

for the year ended 31 August 2015



PAYE STONWORK & RESTORATION LIMITED

COMPANY INFORMATION

DIRECTORS

A P W Paye
P D Lloyd
P P Newsam
M R Harvey
M J Kember
R W Greer
A McNeill
G Staple
D J Devon (non-executive) (appointed 1 December 2014)

COMPANY SECRETARY

M R Harvey

REGISTERED NUMBER

02743908

REGISTERED OFFICE

Stationmasters House
Mottingham Station Approach
London
SE9 4EL

INDEPENDENT AUDITOR

Crowe Clark Whitehill LLP
St Bride's House
10 Salisbury Square
London
EC4Y 8EH

BANKERS

National Westminster Bank plc
89 Mount Pleasant Road
Tunbridge Wells
Kent
TN1 1QJ

SOLICITORS

Cripps Harries Hall
Wallside House
12 Mount Ephraim Road
Tunbridge Wells
Kent
TN1 1EG

PAYE STONWORK & RESTORATION LIMITED

STRATEGIC REPORT for the year ended 31 August 2015

The directors present their strategic report for the year ended 31 August 2015.

BUSINESS REVIEW

Seasonal workload variations throughout the winter months were exacerbated by the delayed commencement of three projects. This has had the effect of reducing profitability to below expected norms but strong sales and the eventual commencement of these projects resulted in a healthy recovery in the last trading quarter.

Projects of note secured during the year included the Royal Academy of Arts, the reconstruction of the Roman Mithras Temple, the listed facades of the 1960's BBC TV Centre, listed facades at London Bridge Station, the National Gallery, Covent Garden Market and the Law Society in Chancery Lane. Works at Battersea Power Station are proceeding in accordance with the revised programme and will now continue until 2020.

Undertaking work of the highest calibre at a cost representing highest value remains our key objective and this has resulted in the continuing enhancement of our reputation as the UK's market leader.

PRINCIPAL RISKS AND UNCERTAINTIES

The company's principal financial instruments comprise a bank overdraft facility, lease contracts, cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the company's operations. The company has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. The company does not enter into derivative transactions.

It is, and has been throughout the period under review, the company's policy that no trading in financial instruments shall be undertaken. The main risks arising from the company's financial instruments are interest rate risk, commodity price risk, liquidity risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The company's exposure to market risk for changes in interest rates relates primarily to the company's short-term debt obligations. The company's policy is to manage its interest cost using variable rate debt. The company exposure to interest rate fluctuations on its borrowings is managed by the use of floating facilities. The company finances specific vehicle and equipment acquisitions via contract hire and other operating lease arrangements.

Commodity price risk

The company's exposure to the price of stone is relatively high; therefore selling prices are monitored regularly to reduce the impact of such risk.

Credit risk

The company derives a major part of its income from trade with recognised, creditworthy third parties. It is company policy that all customers who wish to trade on credit terms are subject to credit vetting procedures. In addition, receivable balances are vigorously monitored on an ongoing basis with the result that the company's exposure to bad debts is reduced as far as possible.

Liquidity risk

The company's objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, contract hire and operating lease contracts.

PAYE STONWORK & RESTORATION LIMITED

STRATEGIC REPORT (continued) for the year ended 31 August 2015

FINANCIAL KEY PERFORMANCE INDICATORS

Turnover decreased to £20.0 million (2014: £22.4 million) whilst profit before taxation decreased to £65,208 (2014: £472,988).

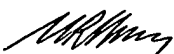
After paying dividends of £Nil (2014: £19,542) shareholders' funds increased to £1,554,562 (2014: £1,504,782).

FUTURE DEVELOPMENTS

The company will continue its strategy of developing long-term relationships with key clients whilst at the same time fostering new links with organisations seen as being able to provide a steady source of future work.

This report was approved by the board on *5 May 2016*

and signed on its behalf.



M R Harvey
Director

PAYE STONework & RESTORATION LIMITED

DIRECTORS' REPORT for the year ended 31 August 2015

The directors present their report and the audited financial statements for the year ended 31 August 2015.

PRINCIPAL ACTIVITIES

The company's principal activities during the year were those of cleaning masonry, repairing, extending and adapting historic facades.

DIVIDENDS

Interim dividends of £Nil (2014: £19,542) were paid during the year.

No final dividend has been proposed (2014: £Nil).

DIRECTORS

The directors who served during the year were:

A P W Paye
P D Lloyd
P P Newsam
M R Harvey
M J Kember
R W Greer
A McNeill
G Staple
D J Devon (non-executive) (appointed 1 December 2014)

MATTERS COVERED IN THE STRATEGIC REPORT

The business review, principal risks and uncertainties, financial key performance indicators and future developments are included within the strategic report.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board on *5 May 2016* and signed on its behalf.



M R Harvey
Director

PAYE STONWORK & RESTORATION LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT for the year ended 31 August 2015

The directors are responsible for preparing the strategic report, the 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.

PAYE STONWORK & RESTORATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PAYE STONWORK & RESTORATION LIMITED

We have audited the financial statements of Paye Stonework & Restoration Limited for the year ended 31 August 2015, set out on pages 7 to 15. 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).

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2015 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.

PAYE STONWORK & RESTORATION LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PAYE STONWORK &
RESTORATION LIMITED**

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.

M Stallabrass

Matthew Stallabrass (senior statutory auditor)

for and on behalf of
Crowe Clark Whitehill LLP

Statutory Auditor

St Bride's House
10 Salisbury Square
London
EC4Y 8EH

Date: *19 May 2016*

PAYE STONWORK & RESTORATION LIMITED

**PROFIT AND LOSS ACCOUNT
for the year ended 31 August 2015**

	Note	2015 £	2014 £
TURNOVER	1,2	20,007,445	22,425,382
Cost of sales		<u>(16,124,706)</u>	<u>(17,978,098)</u>
GROSS PROFIT		3,882,739	4,447,284
Administrative expenses		<u>(3,814,938)</u>	<u>(3,972,313)</u>
OPERATING PROFIT	3	67,801	474,971
Interest receivable and similar income		36	231
Interest payable and similar charges	6	<u>(2,629)</u>	<u>(2,214)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		65,208	472,988
Tax on profit on ordinary activities	7	<u>(15,428)</u>	<u>(188,022)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		49,780	284,966
PROFIT BROUGHT FORWARD		1,454,782	1,189,358
Dividends: Equity capital		<u>-</u>	<u>(19,542)</u>
RETAINED PROFIT CARRIED FORWARD		<u><u>1,504,562</u></u>	<u><u>1,454,782</u></u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2015 or 2014 other than those included in the profit and loss account.

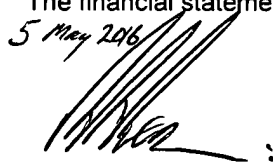
The notes on pages 9 to 15 form part of these financial statements.

PAYE STONERWORK & RESTORATION LIMITED
Registered number: 02743908

BALANCE SHEET
as at 31 August 2015

	Note	£	2015 £	£	2014 £
FIXED ASSETS					
Tangible assets	8		26,261		21,679
CURRENT ASSETS					
Stocks	9	726		664	
Debtors: amounts falling due after more than one year	10	1,152,109		1,288,873	
Debtors: amounts falling due within one year	10	6,008,143		5,961,418	
		<u>7,160,978</u>		<u>7,250,955</u>	
CREDITORS: amounts falling due within one year	11	<u>(4,893,862)</u>		<u>(4,855,091)</u>	
NET CURRENT ASSETS			<u>2,267,116</u>		<u>2,395,864</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,293,377</u>		<u>2,417,543</u>
CREDITORS: amounts falling due after more than one year	12		<u>(738,815)</u>		<u>(912,761)</u>
NET ASSETS			<u><u>1,554,562</u></u>		<u><u>1,504,782</u></u>
CAPITAL AND RESERVES					
Called up share capital	13		50,000		50,000
Profit and loss account			<u>1,504,562</u>		<u>1,454,782</u>
SHAREHOLDERS' FUNDS			<u><u>1,554,562</u></u>		<u><u>1,504,782</u></u>

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

5 May 2016


P P Newsam
Director



M R Harvey
Director

The notes on pages 9 to 15 form part of these financial statements.

PAYE STONWORK & RESTORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2015

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention, in accordance with applicable accounting standards and on the going concern basis..

The directors consider the going concern basis to be appropriate having paid due regard to the company's projected results during the twelve months from the date the financial statements are approved and the anticipated cash flows, availability of bank facilities and mitigating actions that can be taken during that period.

1.2 TURNOVER

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.3 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant & machinery	- 33% per annum on a straight line basis
Motor vehicles	- 20% per annum on a straight line basis
Fixtures & fittings	- 20% per annum on a straight line basis

1.4 OPERATING LEASES

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.5 STOCKS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.6 LONG-TERM CONTRACTS

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

1.7 PENSIONS

The company contributes to personal pension plans and the pension charge represents the amounts payable by the company to the personal pension plans in respect of the year.

PAYE STONWORK & RESTORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS **for the year ended 31 August 2015**

2. TURNOVER

The whole of the turnover is attributable to the company's principal activities.

All turnover arose within the United Kingdom.

3. OPERATING PROFIT

The operating profit is stated after charging:

	2015	2014
	£	£
Depreciation of tangible fixed assets:		
- owned by the company	15,905	9,312
Auditor's remuneration	23,300	24,400
Operating lease rentals:		
- property leases	172,388	149,652
	<u>172,388</u>	<u>149,652</u>

4. STAFF COSTS

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

	2015	2014
	£	£
Wages and salaries	4,368,518	4,336,680
Social security costs	494,045	573,817
Other pension costs	251,651	207,256
	<u>5,114,214</u>	<u>5,117,753</u>

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

	2015	2014
	No.	No.
Administrative staff	22	22
Contracts and site staff	61	59
	<u>83</u>	<u>81</u>

PAYE STONWORK & RESTORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2015**

5. DIRECTORS' REMUNERATION

	2015	2014
	£	£
Remuneration	1,214,815	1,473,469
Company pension contributions to defined contribution pension schemes	85,894	76,035

During the year retirement benefits were accruing to 7 directors (2014 - 6) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £261,549 (2014 - £406,388).

6. INTEREST PAYABLE

	2015	2014
	£	£
On other loans	2,629	2,214

7. TAXATION

	2015	2014
	£	£
ANALYSIS OF TAX CHARGE IN THE YEAR		
UK corporation tax charge on profit for the year	14,500	184,603
Adjustments in respect of prior periods	928	3,419
TAX ON PROFIT ON ORDINARY ACTIVITIES	15,428	188,022

PAYE STONEWORK & RESTORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2015

7. TAXATION (continued)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2014 - *higher than*) the standard rate of corporation tax in the UK of 20.58% (2014 - 22.16%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	<u>65,208</u>	<u>472,988</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.58% (2014 - 22.16%)	13,420	104,814
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	5,886	67,825
Short-term timing differences	(4,806)	11,964
Adjustments to tax charge in respect of prior periods	928	3,419
CURRENT TAX CHARGE FOR THE YEAR (see note above)	<u><u>15,428</u></u>	<u><u>188,022</u></u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges.

8. TANGIBLE FIXED ASSETS

	Plant & machinery £	Fixtures & fittings £	Motor vehicles £	Total £
COST				
At 1 September 2014	46,286	9,919	-	56,205
Additions	4,100	2,397	13,990	20,487
At 31 August 2015	<u>50,386</u>	<u>12,316</u>	<u>13,990</u>	<u>76,692</u>
DEPRECIATION				
At 1 September 2014	29,173	5,353	-	34,526
Charge for the year	13,349	2,323	233	15,905
At 31 August 2015	<u>42,522</u>	<u>7,676</u>	<u>233</u>	<u>50,431</u>
NET BOOK VALUE				
At 31 August 2015	<u><u>7,864</u></u>	<u><u>4,640</u></u>	<u><u>13,757</u></u>	<u><u>26,261</u></u>
At 31 August 2014	<u><u>17,113</u></u>	<u><u>4,566</u></u>	<u><u>-</u></u>	<u><u>21,679</u></u>

PAYE STONWORK & RESTORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2015**

9. STOCKS

	2015 £	2014 £
Raw materials	726	664
	<u>726</u>	<u>664</u>

10. DEBTORS

	2015 £	2014 £
DUE AFTER MORE THAN ONE YEAR		
Trade debtors	563,218	512,448
Amounts recoverable on long term contracts	588,891	776,425
	<u>1,152,109</u>	<u>1,288,873</u>

	2015 £	2014 £
DUE WITHIN ONE YEAR		
Amounts owed by group undertakings	1,878,120	1,878,120
Corporation tax	29,778	-
Value Added Tax	-	146,465
Other debtors	23,317	73,832
Prepayments and accrued income	41,833	18,294
Amounts recoverable on long term contracts	4,035,095	3,844,707
	<u>6,008,143</u>	<u>5,961,418</u>

**11. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2015 £	2014 £
Bank loans and overdrafts	531,135	624,918
Trade creditors	3,487,937	3,215,543
Corporation tax	-	109,423
Other taxation and social security	295,621	303,491
Deferred consideration	23,500	23,500
Other creditors	16,062	14,896
Accruals and deferred income	539,607	563,320
	<u>4,893,862</u>	<u>4,855,091</u>

The company's bank facilities are secured by a fixed and floating charge over the company's assets.

PAYE STONWORK & RESTORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2015**

**12. CREDITORS:
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2015	2014
	£	£
Trade creditors	738,815	912,761

13. SHARE CAPITAL

	2015	2014
	£	£
ALLOTTED, CALLED UP AND FULLY PAID		
50,000 Ordinary shares of £1 each	50,000	50,000

14. OPERATING LEASE COMMITMENTS

At 31 August 2015 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2015	2014	2015	2014
	£	£	£	£
EXPIRY DATE:				
Within 1 year	-	5,200	7,585	7,635
Between 2 and 5 years	96,000	90,000	52,085	18,378

PAYE STONWORK & RESTORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2015

15. RELATED PARTY TRANSACTIONS

15.1 Goodwin Paye Partnership ("GPP")

A P W Paye, P D Lloyd and P P Newsam are directors of the company and partners of GPP. £487,621 (2014: £577,642) was charged during the year by GPP to the company for goods and services provided. At 31 August 2015 amounts owed by GPP to the company had a carrying value of £563,218 (2014: £512,448), which is stated net of a £177,579 (2014 £200,000) provision. The amount owed by GPP represents the entire trade debtors balance.

15.2 Paye Stonework and Historic Facades Limited ("PSHF")

A P W Paye, P D Lloyd and P P Newsam are directors of the company and directors and shareholders of PSHF. £1,322,440 (2014: £1,408,487) was charged during the year by PSHF to the company for goods and services provided. At 31 August 2015 the company owed PSHF £346,339 (2014: £344,909) and this amount is included within the trade creditors.

15.3 M J Kember ("MJK")

An interest free loan made in a previous year to MJK, a director, is being repaid in monthly instalments and during the year £2,950 (2014: £4,200) of the loan was repaid. At the year-end MJK owed the company £Nil (2014: £2,950) and this amount is included within other debtors.

15.4 Ultimate Parent Undertaking

As a wholly owned subsidiary the company has taken advantage of FRS8 not to disclose transactions with its ultimate parent undertaking.

16. ULTIMATE PARENT UNDERTAKING

Paye Stonework Holdings Limited ("PSHL") is the company's immediate and ultimate parent undertaking.

PSHL's consolidated financial statements are publicly available from Companies House.

PSHL is under the control of A P W Paye, P D Lloyd and P P Newsam.