

## **Chorus Group Limited**

### **Annual report and financial statements**

**for the year ended 31 May 2016**



# **Chorus Group Limited**

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## **Chorus Group Limited**

### **Company information**

#### **Directors**

John Byrne  
Michael Byrne  
Anthony Dowle  
Andrew Heaven (resigned 29 February 2016)  
Ian Nethaway (resigned 12 June 2015)

#### **Company secretary**

Marc Babwah, MBA, FCCA (resigned on 18 December 2015)  
Navaratnam Vanithasan, FCCA

#### **Registered number**

03164346

#### **Registered office**

38 - 42 Hampton Road  
Teddington  
Middlesex  
TW11 0JE

#### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
1 Embankment Place  
London  
WC2N 6RH

#### **Bankers**

Allied Irish Bank Plc  
Mayfair  
10 Berkeley Square  
London  
W1J 6AA

#### **Solicitors**

Fenwick Elliot LLP  
Aldwych House  
71-91 Aldwych  
London  
WC2B 4HN

## **Chorus Group Limited**

### **Strategic report For the year ended 31 May 2016**

#### **Introduction**

The directors' present their Strategic Report for the year ended 31 May 2016.

#### **Review of business and future prospects**

In the financial year ended 31 May 2016 Chorus Group has been working on completing some technically challenging and complex projects across London that were secured at the height of the recession. This has now been achieved with completion certificates received on the three remaining loss-making projects within the business. This has however been painful and resulted in further EBITDA losses of £14m in the year. The good news is that the significant cash drain from these projects has stopped and in the year we settled our obligations with customers on two of these contracts. In addition, since the year-end, we have received a cash settlement from our customer on the remaining contract reflecting our contractual entitlement. Our attention remains on recovering cash from the underperforming mechanical and electrical sub-contractor who caused the delay.

#### **Financial key performance indicators**

The key financial highlights are as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Turnover (£'000's)	<b>322</b>	62,618
Turnover growth (%)	<b>(99)</b>	(60)
EBITDA (%)	<b>(4,255)</b>	(15)
Loss before tax (£'000)	<b>(14,600)</b>	(9,619)

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

The Group has an established framework of policies and procedures that are designed with the objective of minimising avoidable risks to the business.

Health and safety continues to be a key focus of risk management for the business. There are comprehensive Health and Safety policies and procedures in place. Safety, along with Integrity and Respect, is one of the core values of the Group.

As our markets digest the implications of the EU Referendum vote, the risk of insolvency within the construction industry increases. The Group will continue to tightly manage its cashflows through robust commercial administration of our contracts to ensure we receive what we are fairly entitled to in a timely manner. In addition, we will continue to apply a rigorous bid/no bid process to ensure we only win work where the margin is commensurate with the risk.

#### **Going concern**

The Company is reliant for its continued trading on the support of its ultimate parent company, Byrne Group plc.

After making enquiries, including a review of forecasts and taking into account the facilities available to it and reasonable possible changes to trading performance, for a period of 12 months from the date of signing the accounts, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual report and accounts.

**Strategic report (continued)**  
**For the year ended 31 May 2016**

**Corporate social responsibility**

Our Corporate Social Responsibility policy is aligned with our vision and core values, and demonstrates the acknowledgement of our role in the environments and communities in which we work.

We have both initiated and participated in training and education schemes and communication and awareness campaigns to help develop the employability and skills of young people seeking a career in construction, especially those from under-represented groups.

We are proud to maintain support for charities, initiatives and organisations such as the Construction Youth Trust, the Career Transition Partnership and Women into Construction.

**Health, safety and environment**

The Group places Health, Safety and Welfare at work as a core group value. Our certified OHSAS 18001 management system provides us with the platform to deliver legal compliance and best practice across all Group activities. As part of our drive for continual improvement, the monitoring and analysis of accidents, incidents, near misses and hazard identification continues to inform the Group about trends. This allows us to develop and implement avoidance measures/controls to ensure that the accident/incident rate remains low, especially in comparison to the national construction average.

The Group believes that all accidents and injuries are preventable, and we are driving a culture where safety is an integral part of every business decision. We are determined that our performance on health and safety should be one that can be admired and believe we have the opportunity to lead our industry.

A strong culture of transparency and trust has been established in which all the workforce can feel comfortable about speaking and reporting any issues that concern them. Hazard identification and reporting is key within our targets to prevent near misses and accidents happening in the first place. The Group has a well-trained and experienced Health, Safety and Environmental team managed by the OHSE Group Director thus providing a consistent approach and enabling cross Company learning. That team is currently delivering the Group's updated Incident and Injury Free Behavioural programme across the whole business.


The Group recognises the environmental implications of its operations and is committed to reducing its environmental impact. We are continually developing our certified ISO 14001 system and have achieved notable improvements within the fields of waste management, energy efficiency and the decarbonisation of key construction processes and strive to improve our future performance by embracing innovation to further streamline our methods, toward the aspiration of truly lean construction.

**Quality Management**

The Group continues to be accredited to ISO 9001 with the Group's systems and procedures being continually reviewed to enable us to implement change both through forward planning and a historic review process. We are striving to achieve a strong quality culture, with feedback from both clients and our workforce crucial to attaining this goal. For us, quality management is a continually evolving process enabling us to repeatedly meet our clients' and stakeholders' needs as well as delivering value through all aspects of our work.

We are committed to maintaining the highest standards of delivery across the areas of health, safety, quality and environmental management.

This report was approved by the Board on 2 November 2016 and signed on their behalf by



**John Byrne**  
Director

## **Chorus Group Limited**

### **Directors' report**

**For the year ended 31 May 2016**

The directors present their report and the audited financial statements of Chorus Group Limited (the "Company") for the year ended 31 May 2016.

### **Principal activity**

The Company's principal activity during the financial year is that of refurbishment and fit-out contractors.

### **Results and dividends**

The Company's loss for the financial year is £13,395,926 (2015 - £8,490,071).

### **Financial instruments**

#### *Financial Risk Management*

The Groups operations expose it to a variety of financial risks including the effects of changes in interest rates on debt, liquidity risk and credit risk. The Company's principal financial instruments comprise sterling cash and bank deposits, together with trade debtors and trade creditors that arise directly from its operations.

### **Directors**

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

John Byrne  
Michael Byrne  
Anthony Dowle  
Andrew Heaven (resigned 29 February 2016)  
Ian Nethaway (resigned 12 June 2015)

### **Statement of directors' responsibilities**

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 these financial statements, the directors are required to:

- select suitable accounting policies for the Company financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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.

## **Chorus Group Limited**

### **Directors' report For the year ended 31 May 2016**

#### **Strategic report**

The Company has chosen in accordance with section 414C(11) Companies Act 2006 to set out in the Company's strategic report information required by schedule 7 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the Directors' Report. It has done so in respect of future developments, principal risks and uncertainties and research and development.

#### **Statement of disclosure of information to auditors**

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 auditors are 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 auditors are aware of that information.

#### **Independent auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution that they be reappointed will be proposed at the annual general meeting.

This report was approved by the board on 2 November 2016 and signed on its behalf.



**Michael Byrne**  
Director

**Independent Auditors' Report to the Members of Chorus Group Limited**

**Report on the financial statements**

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**Our opinion**

In our opinion Chorus Group Limited's financial statements (the "financial statements"):

- give a true and fair view of the Company's affairs as at 31 May 2016 and of its loss 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.
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**What we have audited**

The financial statements, included within the Annual report, comprise:

- the Statement of financial position as at 31 May 2016;
- the Statement of comprehensive income for the year ended;
- the Statement of changes in equity for the year ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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**Opinions on matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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**Opinion on other matters prescribed by the Companies Act 2006**

**Adequacy of accounting records and information and explanations received**

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, 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.

We have no exceptions to report arising from this responsibility.

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**Directors' remuneration**

Under the Companies Act 2006 we are required to report if, in our opinion, certain disclosures of directors' remuneration specified by law have not been made. We have no exceptions to report arising from this responsibility.



**Independent Auditors' Report to the Members of Chorus Group Limited**

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**Responsibilities for the financial statements and the audit**

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**Our responsibilities and those of the directors**

As explained more fully in the Statement of directors' responsibilities set out on page 4, 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 & Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

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 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.

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**What an audit of financial statements involves**

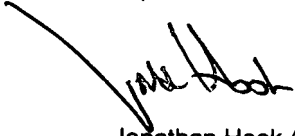
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Jonathan Hook (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
1 Embankment Place  
London  
WC2N 6RH

2 November 2016

**Chorus Group Limited**

**Statement of comprehensive income  
For the year ended 31 May 2016**

	<b>Note</b>	<b>2016 £</b>	<b>2015 £</b>
Turnover	5	322,127	62,617,670
Cost of sales		<u>(10,946,496)</u>	<u>(69,893,018)</u>
<b>Gross loss</b>		<b>(10,624,369)</b>	<b>(7,275,348)</b>
Administrative expenses		<u>(2,998,223)</u>	<u>(2,225,749)</u>
<b>Operating loss</b>	6	<b>(13,622,592)</b>	<b>(9,501,097)</b>
Interest payable and similar charges	9	<u>(977,800)</u>	<u>(117,786)</u>
<b>Loss on ordinary activities before taxation</b>		<b>(14,600,392)</b>	<b>(9,618,883)</b>
Tax on loss on ordinary activities	11	<u>1,204,466</u>	<u>1,128,812</u>
<b>Loss for the financial year</b>		<b><u>(13,395,926)</u></b>	<b><u>(8,490,071)</u></b>
<b>Total comprehensive expense for the year</b>		<b><u>(13,395,926)</u></b>	<b><u>(8,490,071)</u></b>

The notes on pages 11 to 21 form part of these financial statements.

**Statement of financial position**  
**As at 31 May 2016**

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Tangible assets	12	57,381	128,354
Investments	13	2	2
		<u>57,383</u>	<u>128,356</u>
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	14	-	6,136,429
Debtors: amounts falling due within one year	14	16,429,834	14,771,050
Cash at bank and in hand		1,328	9,030
		<u>16,431,162</u>	<u>20,916,509</u>
Creditors: amounts falling due within one year	15	(51,066,711)	(42,227,105)
<b>Net current liabilities</b>		<u>(34,635,549)</u>	<u>(21,310,596)</u>
<b>Total assets less current liabilities</b>		<u>(34,578,166)</u>	<u>(21,182,240)</u>
<b>Net liabilities</b>		<u>(34,578,166)</u>	<u>(21,182,240)</u>
<b>Equity</b>			
Called up share capital		440,100	440,100
Retained earnings		(35,018,266)	(21,622,340)
<b>Total equity</b>		<u>(34,578,166)</u>	<u>(21,182,240)</u>

The financial statements on pages 8 to 21 were authorised for issue by the board of directors on 2 November 2016 and were signed on their behalf by:



**Michael Byrne**  
Director

The notes on pages 11 to 21 form part of these financial statements.

**Chorus Group Limited**

**Statement of changes in equity  
For the year ended 31 May 2016**

	<b>Called up share capital</b>	<b>Retained earnings</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 June 2015	440,100	(21,622,340)	(21,182,240)
<b>Comprehensive income for the year</b>			
Loss for the financial year	-	(13,395,926)	(13,395,926)
<b>At 31 May 2016</b>	<b>440,100</b>	<b>(35,018,266)</b>	<b>(34,578,166)</b>

**Statement of changes in equity  
For the year ended 31 May 2015**

	<b>Called up share capital</b>	<b>Retained earnings</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 June 2014	440,100	(13,132,269)	(12,692,169)
<b>Comprehensive income for the year</b>			
Loss for the financial year	-	(8,490,071)	(8,490,071)
<b>At 31 May 2015</b>	<b>440,100</b>	<b>(21,622,340)</b>	<b>(21,182,240)</b>

The notes on pages 11 to 21 form part of these financial statements.

**Notes to the financial statements  
For the year ended 31 May 2016**

**1. General information**

The Company's principal activity during the financial year was that of refurbishment and fit-out contractors. The Company is a private Company limited by shares and is incorporated and domiciled in the UK. The address of its registered office is 38 - 42 Hampton Road, Teddington, Middlesex, TW11 0JE.

**2. Statement of compliance**

The financial statements of Chorus Group Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

**3. Summary of significant accounting policies**

**3.1 Basis of preparation of financial statements**

The principal accounting policies applied in the preparation of these financial statements are set out below. The Company has adopted FRS 102 in these financial statements.

These financial statements are prepared on a going concern basis, under the historical cost convention. The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

**3.2 Exemptions for qualifying entities under FRS 102**

The Company has taken advantage of the following disclosure exemptions of FRS 102, section 1 paragraphs:

- 1.12 (a) reconciliation of the number of shares outstanding at the beginning and end of the prior year
- 1.12 (b) statement of cash flows
- 1.12 (c) financial instruments as information is included in the consolidated financial statements
- 1.12 (e) key management compensation in total

**3.3 Revenue**

Revenue is measured at the fair value of the consideration received or receivable.

It excludes value added taxes and agents' commissions, represents the invoiced value of goods and services supplied and the value of long term contract work.

Revenue on long-term contracts is recognised according to the stage reached in the contract by reference to the value of the work done. An estimate of the profit attributable to work completed is recognised once the outcome of the contract can be assessed with reasonable certainty. The amount by which the revenue exceeds payments on account is shown under trade and other receivables as amounts recoverable on contracts. Foreseeable expected losses are disclosed separately under provisions for liabilities and charges. The balance of payments in excess of amounts matched with revenue are disclosed under trade and other as payments received on account.

**3.4 Employee benefits**

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

**Notes to the financial statements  
For the year ended 31 May 2016**

**3. Summary of significant accounting policies (continued)**

**3.5 Tangible fixed assets**

Tangible fixed 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.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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. The estimated useful lives range as follows:

The estimated useful lives range as follows:

Leasehold improvements	-	Straight line over the life of the lease
Plant and machinery	-	20% - 33% on cost
Motor vehicles	-	25% straight line

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 within 'other operating income' in the Statement of comprehensive income.

Repairs, maintenance and minor inspection costs are expensed as incurred.

**Notes to the financial statements  
For the year ended 31 May 2016**

**3. Summary of significant accounting policies (continued)**

**3.6 Taxation**

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in equity. In this case tax is also recognised in equity. Current or deferred taxation assets and liabilities are not discounted.

**(i) Current tax**

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior period. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

**(ii) Deferred tax**

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when 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 tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

**3.7 Related party transactions**

The Company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned. The Company has taken advantage of the disclosure exemption.

**3.8 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**3.9 Investments**

Fixed asset investments are stated at cost less provision for permanent diminution in value.

**3.10 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.

**3.11 Cash and cash equivalents**

Cash and cash equivalents include cash in hand and deposits with banks.

**Notes to the financial statements  
For the year ended 31 May 2016**

**3. Summary of significant accounting policies (continued)**

**3.12 Financial instruments**

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

**(i) Financial assets**

Basic financial assets, including trade and other receivables, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the assets' original effective interest rate. The impairment loss is recognised in the statement of comprehensive income. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in statement of comprehensive income.

Financial assets are derecognised when (i) the contractual rights to the cash flows from the asset expire or are settled, or (ii) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (iii) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

**(ii) Financial liabilities**

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

The Company has taken advantage of the disclosure exemption.

**3.13 Pension costs**

The Company operates a defined contribution pension scheme for employees. The annual contributions payable are charged to the Statement of comprehensive income.

**3.14 Operating Lease**

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.



**Notes to the financial statements  
For the year ended 31 May 2016**

**3. Summary of significant accounting policies (continued)**

**3.15 Long term contracts**

Amounts recoverable on long term contracts, which are included in debtors, are restated at the net sales value of the work done after specific provisions for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Turnover and related costs are recorded as contract activity progresses. Excess progress payments are included in creditors as payments received on account. An appropriate proportion of the anticipated contract profit is recognised reflecting the work carried out to the balance sheet date and when the final outcome is reasonably certain.

**3.16 Borrowing costs**

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

**3.17 Going concern**

The Strategic report sets out on pages 2 to 4 the Company's business review of its activities, and highlights the factors which may impact on its performance, market position and future developments.

Additionally it provides information in relation to the current financial condition of the business; its cash flows; liquidity position, borrowing facilities and details of its financial instruments; management of capital; and its exposure to credit and liquidity risk.

The current economic environment is difficult and the Company has reported a loss of £13,395,926 for the year (2015: loss of £8,490,071).

The Company participates in a Group banking facility which is committed until 2018 at the earliest and was £19m at the year end and it shares banking arrangements with its parent and fellow subsidiaries.

The directors, having assessed the response of the directors of the Company's ultimate parent Byrne Group Plc and its immediate parent Chorus Group Holdings Limited, and of the directors of its fellow subsidiaries to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Byrne Group to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the Company's financial position and of the enquiries made of the directors of Chorus Group Limited, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**3.18 Group financial statements**

The Company is entitled to the exemption under Section 400 of the Companies Act 2006 from the obligation to prepare group financial statements.

**Notes to the financial statements  
For the year ended 31 May 2016**

**4. Critical accounting judgements and estimation uncertainty**

The preparation of financial statements requires management to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

**5. Turnover**

The total turnover of the Company for the year has been derived from its principal activity wholly undertaken in the UK all of which is continuing.

**6. Operating loss**

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

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the Company	66,362	82,515
Profit on disposal of fixed assets	(13,328)	(3,000)
Fees payable to the Company's auditors and its associates for the audit of the company's annual financial statements	40,000	54,000
Operating lease costs:		
- land and buildings	220,473	148,963
	<u>220,473</u>	<u>148,963</u>

**7. Employees**

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

	2016 £	2015 £
Wages and salaries	3,432,533	7,442,062
Social security costs	390,933	782,007
Other pension costs	228,607	308,507
	<u>4,052,073</u>	<u>8,532,576</u>

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

	2016 No.	2015 No.
Directors	5	6
Administrative and technical	57	87
	<u>62</u>	<u>93</u>

**Notes to the financial statements  
For the year ended 31 May 2016**

**8. Directors' remuneration**

The directors' aggregate remuneration and other payments in respect of qualifying services were:

	2016 £	2015 £
Remuneration receivable	174,076	448,446
Value of Company pension contributions to money purchase schemes	108,198	3,249
	<u>282,274</u>	<u>451,695</u>

	2016 £	2015 £
<b>Remuneration of highest paid director:</b>		
Total remuneration (excluding pension contributions)	143,437	142,482
Value of Company pension contributions to money purchase schemes	107,205	1,083
	<u>250,642</u>	<u>143,565</u>

The number of directors who accrued benefits under Company pension schemes was as follows:

Money purchase schemes	<u>2</u>	<u>3</u>
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**9. Interest payable and similar charges**

	2016 £	2015 £
Other similar charges payable	977,800	117,786
	<u>977,800</u>	<u>117,786</u>

**10. Pension costs**

The Company operates defined contribution pension plans. Each member has their own policy. The assets of the pension plans are held separately from those of the Company under the management of the pension provider. The total pension cost charged to income of £228,607 (2015: £308,507) represents contributions payable to the defined contribution pension plans by the Company. At the balance sheet date, contributions were due to the funds £7,795 (2015: £42,389).

**Notes to the financial statements  
For the year ended 31 May 2016**

**11. Taxation**

	2016 £	2015 £
<b>(a) Total tax</b>		
Current tax		
Receipt for group relief	(1,204,466)	(1,128,812)
Deferred tax	-	-
<b>Total tax</b>	<u>(1,204,466)</u>	<u>(1,128,812)</u>

**(b) Factors affecting tax credit for the year**

The tax assessed for the year is higher than (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015 - 21%). The differences are explained below:

	2016 £	2015 £
Loss on ordinary activities before taxation	(14,600,392)	(9,618,883)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.83%)	(2,920,078)	(1,923,777)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	13,885	38,396
Capital allowances for year in excess of depreciation	15,938	16,503
Unrelieved of tax losses	726,826	1,504,445
Difference in tax rates	-	(73,383)
General provisions	-	(1,400,000)
Group relief surrendered	2,163,429	1,837,816
Receipts for group relief	(1,204,466)	(1,128,812)
<b>Total tax credit for the year</b>	<u>(1,204,466)</u>	<u>(1,128,812)</u>

**(c) Deferred taxation**

	Recognised 2016 £	2015 £	Unrecognised 2016 £	2015 £
Deferred tax assets	-	-	-	-
Losses	-	-	3,916,064	3,624,356

**Notes to the financial statements  
For the year ended 31 May 2016**

**12. Tangible assets**

	<b>Plant and machinery £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 June 2015	659,343	105,826	765,169
Additions	2,812	-	2,812
Disposals	(493,235)	(105,826)	(599,061)
<b>As at 31 May 2016</b>	<b>168,920</b>	<b>-</b>	<b>168,920</b>
<b>Accumulated depreciation</b>			
At 1 June 2015	541,851	94,964	636,815
Depreciation charge for the year	62,923	3,439	66,362
Disposals	(493,235)	(98,403)	(591,638)
<b>As at 31 May 2016</b>	<b>111,539</b>	<b>-</b>	<b>111,539</b>
<b>As at 31 May 2016</b>	<b>57,381</b>	<b>-</b>	<b>57,381</b>
At 31 May 2015	117,492	10,862	128,354

**13. Investments**

	<b>Total £</b>
<b>Cost</b>	
At 1 June 2015 and 31 May 2016	2
<b>Net book value</b>	
At 31 May 2016 and 31 May 2015	2

The Company owns 100% of the ordinary share capital of the following dormant companies:

- Chorus Construction Limited
- Chorus Interiors Limited

# Chorus Group Limited

## Notes to the financial statements For the year ended 31 May 2016

### 14. Debtors

	2016 £	2015 £
<b>Amounts falling due after more than one year</b>		
Amounts recoverable on long term contracts	-	6,136,429
	<u>-</u>	<u>6,136,429</u>
	2016 £	2015 £
<b>Amounts falling due within one year</b>		
Amounts owed by group undertakings	1,204,466	234,683
VAT recoverable	2,424,287	1,363,951
Other debtors	742,981	5,562,429
Amounts recoverable on long term contracts	11,957,885	7,327,282
Prepayments and accrued income	100,215	282,705
	<u>16,429,834</u>	<u>14,771,050</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

### 15. Creditors: Amounts falling due within one year

	2016 £	2015 £
Bank overdraft (secured)	14,033,876	14,986,182
Trade creditors	15,582,771	21,624,541
Amounts owed to group undertakings	21,065,456	4,553,048
PAYE and social security	219,329	314,504
Other creditors	7,795	280,948
Accruals and deferred income	157,484	467,882
	<u>51,066,711</u>	<u>42,227,105</u>

Bank overdraft is secured by mortgage debentures over the Company assets.

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand.

### 16. Called up share capital

	2016 £	2015 £
<b>Allotted and fully paid</b>		
440,100 (2015 - 440,100) ordinary shares of £1 each	<u>440,100</u>	<u>440,100</u>

## **Chorus Group Limited**

### **Notes to the financial statements For the year ended 31 May 2016**

#### **17. Financial commitments**

At 31 May the Company had annual commitments under non-cancellable operating leases relating to land and buildings as follows:

	2016 £	2015 £
<b>Expiry date:</b>		
Between one and five years	-	122,592
Over five years	-	-
	<hr/> -	<hr/> 122,592

#### **18. Indebtedness, guarantees and other financial commitments**

##### **(a) Guarantees:**

Chorus Group Limited and other group undertakings have, in the normal course of business, given unlimited inter-company guarantees to support the bank borrowings of the Group. The bank holds a mortgage debenture on all of the Company's assets. Group's Bank facility comprising of Term loans, stand-by Revolving Credit Facility, Group Overdraft, Contingent Liability and Asset Finance Facility.

##### **(b) Capital commitments:**

There were no capital commitments either authorised or contracted for at the balance sheet date (2015: £nil).

#### **19. Related party transactions**

The Company has taken advantage of the exemption under paragraph 33.1A from the provisions of FRS 102, not to disclose transaction entered and outstanding balances between two or more members of a group, on the grounds that at 31 May 2016 it was a wholly owned subsidiary undertaking of the group to which it is party to the transactions.

#### **20. Ultimate parent undertaking and controlling party**

Chorus Group Holdings Limited is the immediate parent undertaking of the Company. Byrne Group plc is the Company's ultimate parent undertaking and ultimate controlling party.

The consolidated financial statements of Byrne Group Plc can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

#### **21. Transition to FRS 102**

This is the first year that the Company has presented its results under the FRS 102. The last financial statements under the UK GAAP were for the year ended 31 May 2015. The date of transition to FRS 102 was 1 June 2014. There were no changes in accounting policies arising on the transition from UK GAAP to FRS 102.