

REGISTERED NUMBER: 03378778 (England and Wales)

**GROUP STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
AUDITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017
FOR
CHELLATON LIMITED**

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FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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CHELLATON LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 30 SEPTEMBER 2017

DIRECTORS:

T R Cavanagh
L J Cavanagh
A M Bonner

SECRETARY:

T R Cavanagh

REGISTERED OFFICE:

17 Moor Park Avenue
Preston
Lancashire
PR1 6AS

REGISTERED NUMBER:

03378778 (England and Wales)

AUDITORS:

SBCA Statutory Auditor
17 Moor Park Avenue
Preston
Lancashire
PR1 6AS

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

The directors present their strategic report of the company and the group for the year ended 30 September 2017.

REVIEW OF BUSINESS

The group operates a privately owned CAT1 roofing and contracting business, carrying out works throughout the whole of the UK. We have grown to be one of the largest and most respected roofing organisations in the North West. We have developed our reputation over the years based on the ethos of being recognised as providing the highest quality roofing services delivered by trained, formally qualified professionals and as such our customer base has grown in both size and stature.

The group's strength lies in the following:

- o Its' longevity.
- o Its' ability to continually adapt (as shown during the economic downturn).
- o Its' ability to gain and retain client partnerships through fair negotiations and quality of supply.
- o Its' people - highly trained, supported and motivated.

During the year the group acquired J.W.D Rainwater Systems Limited (JWD) which manufacture and fits architectural aluminium products to buildings, including roofline products.

As M.A.C (Roofing and Contracting) Limited was one of the largest customers to J.W.D, the acquisition was considered an extremely good fit for the group's operations.

Due to the above, the group reported a profit before tax in the year of £1.4m (2016: £746k) on a turnover of £27.9m (2016: £24.5m). The increase in turnover of £3.9m reflects the continued progress the group is making, with gross margins being maintained. A substantial percentage of the profits have been retained in the business during the year, with net assets amounting to £3.2m (2016: £2.7m).

The group is committed to being a market leader in the roofing industry - we have made it our mission to provide and deliver, reliable, quality services through a well trained and qualified workforce at every level

We are accredited to ISO 9001:2011 ISO14001 and many other sector standards such as Safe Contractor, Achilles, and more recently, we are the first company in the north west to be accredited in the CITB pilot scheme for BeFair.

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

PRINCIPAL RISKS AND UNCERTAINTIES

The following specific risks identified in our industry:

- o Client or supply chain failure
- o Low margin work where risk is disproportionate to potential returns
- o Greater incidence of litigation and contractual disputes.

Internal processes have always been in place for assessing and managing the exposure to the above, and this has seen a move working with a number of large, well established main contractors, as well as our continued work with local authorities.

Bidding risk

The group tenders selectively for contracts each year, with a thorough process for estimating and identifying risks associated with each contract before any formal tender is submitted.

Delivery risk

The delivery of contracts is controlled and managed through the Board and the team of contract managers and quantity surveyors. The group has frequent reviews on the progress of each contract, with items such as health and safety performance, issues affecting delivery and any consequential impact on costs to completion. This approach is underpinned by management's desire to identify any operational and commercial issues in good time so as to ensure appropriate actions can be taken to address them in the most effective way.

Changing government policies

With a number of large contracts being won from local authority work, the risk and uncertainty to our business, and that of many others, from changes in government spending policy cannot be ignored. Our increase in turnover has mainly being due to a much higher percentage being won from the private sector, therefore bringing this risk to an acceptable level.

Financial risk

Financial risks include liquidity/cashflow risk and credit risk. The group has being managing these risks by retaining profits to build our financial strength.

EXPECTED FUTURE DEVELOPMENTS

The group is confident that its' target of £30m in turnover, whilst maintaining gross margins, is achievable in the coming year, with further investment being planned in the group's infrastructure.

The Board have identified a number of potential acquisitions which will both secure the group's supply chain (resulting in better client service), and establish a permanent office in the north of the U.K and the south of England.

The outlook for 2018 and beyond is very positive, with a number of large contracts already won, and a growing reputation amongst large main contractor and local government clients.

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

KEY PERFORMANCE INDICATORS

The group implements a number of key performance indicators which are reviewed on a regular basis. These are listed below:

- o Quarterly management accounts, including profit and loss and balance sheet, with supporting commentary on significant variances over budget and prior period comparatives.
- o Monthly contracts meeting with contract managers to review progress, together with reasons for any slippage, health and safety issues, and a review of any financial consequences which these may have.
- o Contract reviews to highlight matters which require proactive solutions and Director involvement to mitigate risk.
- o "Live" cashflow projections, which are updated daily to reflect movement in the company's liquid resources.

A summary of the tracked key performance indicators of the trading subsidiary company, MAC (Roofing & Contracting) Limited are as follows:

	2015	2016	2017	2018 forecast
Turnover	£21.8m	£24m	£27.9m	£29.2m
Gross Profit %	21%	20%	24%	22%
Net Profit	£1.4m	£746k	£1.4m	£1.7m
Reserves	£2.2m	£2.7m	£3.2m	£4.4m

ON BEHALF OF THE BOARD:

T R Cavanagh - Director

8 June 2018

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

The directors present their report with the financial statements of the company and the group for the year ended 30 September 2017.

DIVIDENDS

No interim dividends were paid during the year ended 30 September 2017.

The directors recommend final dividends per share as follows:

A Ordinary 1 shares	73.85
B Ordinary 1 shares	110.77

The total distribution of dividends for the year ended 30 September 2017 will be £ 420,000 .

DIRECTORS

The directors shown below have held office during the whole of the period from 1 October 2016 to the date of this report.

T R Cavanagh
L J Cavanagh
A M Bonner

DONATIONS AND EXPENDITURE

Donations were made to various charities during the year totalling £7,389 (2016: £2,300)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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), 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

AUDITORS

The auditors, SBCA Statutory Auditor, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

T R Cavanagh - Director

8 June 2018

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CHELLATON LIMITED

Opinion

We have audited the financial statements of Chellaton Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2017 which comprise the Consolidated Statement of Income and Retained Earnings, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (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 a Report of the Auditors 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.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 30 September 2017 and of the group's 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CHELLATON LIMITED

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page five, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Christopher Bond (Senior Statutory Auditor)
for and on behalf of SBCA Statutory Auditor
17 Moor Park Avenue
Preston
Lancashire
PR1 6AS

8 June 2018

CHELLATON LIMITED (REGISTERED NUMBER: 03378778)

**CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

	Notes	30.9.17 £	30.9.16 £
TURNOVER	3	27,957,180	24,496,674
Cost of sales		(21,024,669)	(19,648,782)
GROSS PROFIT		6,932,511	4,847,892
Distribution costs		(31,944)	36,186
Administrative expenses		(5,408,712)	(4,103,795)
OPERATING PROFIT	5	1,491,855	780,283
Interest receivable and similar income		551	1,217
		1,492,406	781,500
Interest payable and similar expenses	6	(74,170)	(35,460)
PROFIT BEFORE TAXATION		1,418,236	746,040
Tax on profit	7	(334,217)	(200,833)
PROFIT FOR THE FINANCIAL YEAR		1,084,019	545,207
Retained earnings at beginning of year		2,730,729	2,285,522
Dividends	9	(420,000)	(100,000)
RETAINED EARNINGS FOR THE GROUP AT END OF YEAR		3,394,748	2,730,729
Profit attributable to: Owners of the parent		1,084,019	545,207

The notes form part of these financial statements

CHELLATON LIMITED (REGISTERED NUMBER: 03378778)

**CONSOLIDATED BALANCE SHEET
30 SEPTEMBER 2017**

	Notes	30.9.17 £	30.9.16 £
FIXED ASSETS			
Intangible assets	10	(116,915)	(116,915)
Tangible assets	11	867,181	810,878
Investments	12	<u>-</u>	<u>-</u>
		<u>750,266</u>	<u>693,963</u>
CURRENT ASSETS			
Stocks	13	(6,002)	207,545
Debtors	14	7,036,702	7,169,162
Investments	15	199,968	-
Cash at bank and in hand		<u>2,111,827</u>	<u>1,589,509</u>
		<u>9,342,495</u>	<u>8,966,216</u>
CREDITORS			
Amounts falling due within one year	16	<u>(6,474,381)</u>	<u>(6,474,670)</u>
NET CURRENT ASSETS		<u>2,868,114</u>	<u>2,491,546</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,618,380	3,185,509
CREDITORS			
Amounts falling due after more than one year	17	(140,908)	(392,725)
PROVISIONS FOR LIABILITIES	20	<u>(81,723)</u>	<u>(61,054)</u>
NET ASSETS		<u>3,395,749</u>	<u>2,731,730</u>

The notes form part of these financial statements

CHELLATON LIMITED (REGISTERED NUMBER: 03378778)

CONSOLIDATED BALANCE SHEET - continued
30 SEPTEMBER 2017

	Notes	30.9.17 £	30.9.16 £
CAPITAL AND RESERVES			
Called up share capital	21	651	651
Capital redemption reserve	22	350	350
Retained earnings	22	<u>3,394,748</u>	<u>2,730,729</u>
SHAREHOLDERS' FUNDS		<u>3,395,749</u>	<u>2,731,730</u>

The financial statements were approved by the Board of Directors on 8 June 2018 and were signed on its behalf by:

T R Cavanagh - Director

L J Cavanagh - Director

The notes form part of these financial statements

CHELLATON LIMITED (REGISTERED NUMBER: 03378778)

**COMPANY BALANCE SHEET
30 SEPTEMBER 2017**

	Notes	30.9.17 £	30.9.16 £
FIXED ASSETS			
Intangible assets	10	-	-
Tangible assets	11	-	-
Investments	12	<u>1,988,378</u>	<u>1,988,378</u>
		<u>1,988,378</u>	<u>1,988,378</u>
CURRENT ASSETS			
Investments	15	199,968	-
CREDITORS			
Amounts falling due within one year	16	<u>(1,217,728)</u>	<u>(1,014,124)</u>
NET CURRENT LIABILITIES		<u>(1,017,760)</u>	<u>(1,014,124)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>970,618</u>	<u>974,254</u>
CAPITAL AND RESERVES			
Called up share capital	21	650	650
Capital redemption reserve		350	350
Retained earnings		<u>969,618</u>	<u>973,254</u>
SHAREHOLDERS' FUNDS		<u>970,618</u>	<u>974,254</u>
Company's profit for the financial year		<u>416,364</u>	<u>99,968</u>

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on 23 April 2018 and were signed on its behalf by:

T R Cavanagh - Director

The notes form part of these financial statements

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

		30.9.17	30.9.16
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	1	2,591,565	369,497
Interest paid		(59,804)	(21,863)
Interest element of hire purchase payments paid		(14,366)	(13,597)
Tax paid		(428,631)	(440,916)
Net cash from operating activities		<u>2,088,764</u>	<u>(106,879)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(341,572)	(25,133)
Purchase of fixed asset investments		(200,000)	-
Sale of tangible fixed assets		28,233	58,647
Purchase of subsidiary undertaking		-	(1,013,377)
Cash acquired with subsidiary		-	769,536
Interest received		551	1,217
Net cash from investing activities		<u>(512,788)</u>	<u>(209,110)</u>
Cash flows from financing activities			
Capital repayments in year		(208,417)	(179,893)
Amount introduced by directors		109,490	39,382
Amount withdrawn by directors		(197,461)	-
Equity dividends paid		(420,000)	(100,000)
Net cash from financing activities		<u>(716,388)</u>	<u>(240,511)</u>
Increase/(decrease) in cash and cash equivalents		<u>859,588</u>	<u>(556,500)</u>
Cash and cash equivalents at beginning of year	2	<u>1,589,509</u>	2,146,009
Cash and cash equivalents at end of year	2	<u>2,111,827</u>	<u>1,589,509</u>

The notes form part of these financial statements

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	30.9.17	30.9.16
	£	£
Profit before taxation	1,418,236	746,040
Depreciation charges	266,274	206,260
(Profit)/loss on disposal of fixed assets	(9,237)	43,395
Loss on revaluation of fixed assets	32	-
Decrease in amounts recoverable on con	689,496	792,498
Loss on impairment	-	39,250
Finance costs	74,170	35,460
Finance income	(551)	(1,217)
	2,438,420	1,861,686
Decrease/(increase) in stocks	213,547	(28,703)
Increase in trade and other debtors	(219,766)	(478,870)
Increase/(decrease) in trade and other creditors	159,364	(984,616)
Cash generated from operations	<u>2,591,565</u>	<u>369,497</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 30 September 2017

	30.9.17	1.10.16
	£	£
Cash and cash equivalents	<u>2,111,827</u>	<u>1,589,509</u>

Year ended 30 September 2016

	30.9.16	1.10.15
	£	£
Cash and cash equivalents	<u>1,589,509</u>	<u>2,146,009</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

1. STATUTORY INFORMATION

Chellaton Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Basis of consolidation

The consolidated accounts comprise the accounts of the parent company and its subsidiaries.

Transactions and balances between group companies are eliminated. No profit is taken on transactions between group companies.

In the parent company balance sheet, businesses acquired by the parent company are incorporated at book value at the date of acquisition.

Where the consideration given exceeds the fair value of the net assets acquired the difference is accounted for as goodwill in the consolidated balance sheet.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 3, the director's are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised 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.

Provisions for Amounts Recoverable on Contract

Where losses on contracts are expected, the entire loss is recognised immediately within the statement of Comprehensive Income.

Key Sources of estimation uncertainty

The director's have considered whether there are any key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. They have concluded that there are no key assumptions relevant to the company.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

2. ACCOUNTING POLICIES - continued

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover represents the invoice value of work carried out during the year, net of Value Added Tax, adjusted for contractual work in progress as follows:

The amount by which recorded turnover is in excess of payments on account is classified as "amounts recoverable on contracts" and separately disclosed, as appropriate, within debtors due within one year and after more than one year.

The value of the recorded turnover has been determined by the following methods:

Part Completed Contracts

a) Contracts in the early stages, the outcome of which cannot reasonably be assessed, cost plus overheads less foreseeable losses.

b) Contracts sufficiently advanced for the outcome to be assessed with reasonable certainty, cost plus ascertainable profit less any known inequalities of profitability in the various stages of the contracts, less foreseeable losses.

Contracts Awaiting Final Certificates

Cost plus attributable profit less foreseeable losses.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Improvements to property	- 10% on cost
Plant and machinery	- 20% on cost and 15% on reducing balance
Fixtures and fittings	- 20% on cost and 15% on reducing balance
Motor vehicles	- 25% on cost

Stocks

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2017

2. **ACCOUNTING POLICIES - continued**

Financial instruments

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

Basic financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

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

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if the 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 rate method.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

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 measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2017

2. ACCOUNTING POLICIES - continued**Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

Employee benefit trusts

The group has purchased a trust for the benefit of employees and certain of their dependants. Monies held in this trust are held by independent trustees and managed at their discretion.

Where the group retains future economic benefit from, and has de facto control of the assets and liabilities of the trust, they are accounted for as assets and liabilities of the group until the earlier of the date that an allocation of trust funds to employees in respect of past services is declared and the date that assets of the trust vest in identified individuals.

Where monies held in a trust are determined by the group on the basis of employees' past services to the business and the group can obtain no future economic benefit from those monies, such monies, whether in the trust or accrued for by the group are charged to the profit and loss account in the period to which they relate.

Investments

Investments in subsidiary undertakings are stated at cost. Other unlisted investments are initially stated at cost, after recognition, they are measured at cost less any accumulated amortisation and any accumulated impairment losses.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the group.

4. EMPLOYEES AND DIRECTORS

	30.9.17	30.9.16
	£	£
Wages and salaries	3,154,256	2,040,183
Social security costs	204,037	155,897
Other pension costs	123,077	131,867
	<u>3,481,370</u>	<u>2,327,947</u>

The average number of employees during the year was as follows:

	30.9.17	30.9.16
Direct Labour	9	9
Administration	<u>92</u>	<u>41</u>
	<u>101</u>	<u>50</u>

The average number of employees by undertakings that were proportionately consolidated during the year was 101 (2016 - 40) .

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2017

4. EMPLOYEES AND DIRECTORS - continued

The above includes directors

	30.9.17	30.9.16
	£	£
Directors' remuneration	20,889	71,173
Directors' pension contributions to money purchase schemes	<u>20,000</u>	<u>62,468</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>2</u>
------------------------	-----------------	----------

5. OPERATING PROFIT

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

	30.9.17	30.9.16
	£	£
Hire of plant and machinery	1,629,515	1,143,755
Depreciation - owned assets	266,273	207,802
(Profit)/loss on disposal of fixed assets	(9,237)	43,395
Goodwill amortisation	-	29,606
Auditors' remuneration	17,506	15,400
Depreciation - assets held under HP contracts	189,711	86,586
Amounts paid to third parties	260,000	600,000
Hire of motor vehicles	<u>154,987</u>	<u>117,869</u>

During the period, payments of £260,000 (2016: £600,000) were made to 3PCL for making available the services of consultants whilst they were also non-executive directors.

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	30.9.17	30.9.16
	£	£
Bank interest and charges	43,142	21,863
Other interest	25	-
HMRC Surcharges	16,637	-
Hire purchase interest	<u>14,366</u>	<u>13,597</u>
	<u>74,170</u>	<u>35,460</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2017

7. TAXATION**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	30.9.17	30.9.16
	£	£
Current tax:		
UK corporation tax	313,548	195,737
Deferred tax	20,669	5,096
Tax on profit	<u>334,217</u>	<u>200,833</u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	30.9.17	30.9.16
	£	£
Profit before tax	<u>1,418,236</u>	<u>746,040</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2016 - 20%)	269,465	149,208
Effects of:		
Expenses not deductible for tax purposes	42,492	48,641
Depreciation in excess of capital allowances	4,320	2,984
Utilisation of tax losses	(3,636)	-
Marginal rates of tax and other adjustments	21,576	-
Total tax charge	<u>334,217</u>	<u>200,833</u>

8. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

9. DIVIDENDS

	30.9.17	30.9.16
	£	£
A Ordinary shares of 1 each		
Interim	252,000	50,000
B Ordinary shares of 1 each		
Interim	<u>168,000</u>	<u>50,000</u>
	<u>420,000</u>	<u>100,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2017

10. INTANGIBLE FIXED ASSETS**Group****Goodwill**
£**COST**At 1 October 2016
and 30 September 2017**475,610****AMORTISATION**At 1 October 2016
and 30 September 2017**592,525****NET BOOK VALUE**At 30 September 2017
At 30 September 2016**(116,915)**
(116,915)**11. TANGIBLE FIXED ASSETS****Group**

	Improvements to property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 October 2016	150,767	853,049	133,270	741,608	1,878,694
Additions	17,422	133,416	172,575	18,159	341,572
Disposals	-	(4,933)	-	(39,089)	(44,022)
At 30 September 2017	<u>168,189</u>	<u>981,532</u>	<u>305,845</u>	<u>720,678</u>	<u>2,176,244</u>
DEPRECIATION					
At 1 October 2016	62,982	717,201	123,916	163,717	1,067,816
Charge for year	15,950	66,767	21,305	162,251	266,273
Eliminated on disposal	-	(4,933)	-	(20,093)	(25,026)
At 30 September 2017	<u>78,932</u>	<u>779,035</u>	<u>145,221</u>	<u>305,875</u>	<u>1,309,063</u>
NET BOOK VALUE					
At 30 September 2017	<u>89,257</u>	<u>202,497</u>	<u>160,624</u>	<u>414,803</u>	<u>867,181</u>
At 30 September 2016	<u>87,785</u>	<u>135,848</u>	<u>9,354</u>	<u>577,891</u>	<u>810,878</u>

Included in the above are Motor Vehicles held under Hire Purchase agreements with a Net Book Value of £524,636 (2016: £568,070). Depreciation charged in the year on the assets amounts to £189,711 (2016: £86,586)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2017

12. FIXED ASSET INVESTMENTS**Company**

**Shares in
group
undertakings
£**

COST

At 1 October 2016
and 30 September 2017

1,988,378

NET BOOK VALUE

At 30 September 2017
At 30 September 2016

1,988,378

1,988,378

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries**MAC (Roofing and Contracting) Ltd**

Registered office: UK

Nature of business: Roofing

	%		
Class of shares:	holding		
Ordinary	100.00		
		30.9.17	30.9.16
		£	£
Aggregate capital and reserves		3,227,063	2,645,285
Profit for the year		<u>1,001,778</u>	<u>482,654</u>

JWD Rainwater Systems Ltd

Registered office: UK

Nature of business: Rainwater Systems

	%		
Class of shares:	holding		
Ordinary	100.00		
		30.9.17	30.9.16
		£	£
Aggregate capital and reserves		1,303,388	1,217,484
Profit for the year		<u>85,904</u>	<u>135,929</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2017

12. FIXED ASSET INVESTMENTS - continued**TLCP Limited**

Registered office: UK

Nature of business: Rental

Class of shares:	%		
Ordinary	holding		
	100.00		
		30.9.17	30.9.16
		£	£
Aggregate capital and reserves		<u>1</u>	<u>1</u>

JWD Architectural Aluminium Limited

Registered office: UK

Nature of business: Dormant

Class of shares:	%		
Ordinary	holding		
	100.00		
		30.9.17	30.9.16
		£	£
Aggregate capital and reserves		<u>1</u>	<u>1</u>

MAC Roofing Limited

Registered office: UK

Nature of business: Dormant

Class of shares:	%		
Ordinary	holding		
	100.00		
		30.9.17	30.9.16
		£	£
Aggregate capital and reserves		<u>100</u>	<u>100</u>

13. STOCKS

	Group	
	30.9.17	30.9.16
	£	£
Stocks	188,808	207,545
Payments on account	(194,810)	-
	<u>(6,002)</u>	<u>207,545</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2017

14. DEBTORS

	Group	
	30.9.17	30.9.16
	£	£
Amounts falling due within one year:		
Trade debtors	5,084,418	4,713,456
Amounts recoverable on contract	577,942	1,587,315
Other debtors	118,151	375,454
Other Debtors	194,810	-
Prepayments	321,321	215,214
	<u>6,296,642</u>	<u>6,891,439</u>
Amounts falling due after more than one year:		
Amounts recoverable on contract	<u>740,060</u>	<u>277,723</u>
Aggregate amounts	<u>7,036,702</u>	<u>7,169,162</u>

15. CURRENT ASSET INVESTMENTS

	Group		Company	
	30.9.17	30.9.16	30.9.17	30.9.16
	£	£	£	£
Investment	<u>199,968</u>	-	<u>199,968</u>	-

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	30.9.17	30.9.16	30.9.17	30.9.16
	£	£	£	£
Bank loans and overdrafts	-	-	5	6
Hire purchase contracts (see note 18)	196,817	153,417	-	-
Trade creditors	4,874,546	4,766,128	-	-
Sub-contractor ledger	34,808	11,658	-	-
Amounts owed to group undertakings	-	-	1,217,723	1,014,118
Tax	92,771	207,854	-	-
Social security and other taxes	159,019	137,731	-	-
Sub-contractor tax	104,210	113,562	-	-
VAT	401,483	686,387	-	-
Other creditors	30,436	21,185	-	-
Wages Control	113,796	72,610	-	-
Directors' current accounts	43,980	131,950	-	-
Accrued expenses	422,515	172,188	-	-
	<u>6,474,381</u>	<u>6,474,670</u>	<u>1,217,728</u>	<u>1,014,124</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2017

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	
	30.9.17	30.9.16
	£	£
Hire purchase contracts (see note 18)	<u>140,908</u>	<u>392,725</u>

18. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Hire purchase contracts	
	30.9.17	30.9.16
	£	£
Net obligations repayable:		
Within one year	196,817	153,417
Between one and five years	<u>140,908</u>	<u>392,725</u>
	<u>337,725</u>	<u>546,142</u>

19. SECURED DEBTS

The following secured debts are included within creditors:

	Group	
	30.9.17	30.9.16
	£	£
Hire purchase contracts	<u>337,725</u>	<u>546,142</u>

The following security is held by NatWest Bank:

Charge over the book debts of MAC (Roofing & Contracting) Ltd dated 27.02.1989
 Debenture over all assets of MAC (Roofing & Contracting) Ltd dated 29.01.2008

Security for Hire Purchase balances is given over the assets concerned.

20. PROVISIONS FOR LIABILITIES

	Group	
	30.9.17	30.9.16
	£	£
Deferred tax		
Accelerated capital allowances	-	(11,912)
Deferred tax	<u>81,723</u>	<u>72,966</u>
	<u>81,723</u>	<u>61,054</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2017

20. PROVISIONS FOR LIABILITIES - continued**Group**

	Deferred tax £
Balance at 1 October 2016	61,054
Credit to Statement of Comprehensive Income during year	20,669
Balance at 30 September 2017	<u>81,723</u>

21. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	30.9.17 £	30.9.16 £
325	A Ordinary	1	326	326
325	B Ordinary	1	325	325
			<u>651</u>	<u>651</u>

22. RESERVES**Group**

	Retained earnings £	Capital redemption reserve £	Totals £
At 1 October 2016	2,730,729	350	2,731,079
Profit for the year	1,084,019		1,084,019
Dividends	(420,000)		(420,000)
At 30 September 2017	<u>3,394,748</u>	<u>350</u>	<u>3,395,098</u>

23. RELATED PARTY DISCLOSURES

The director's received dividends paid on their shareholding totalling £420,000 (2016: £100,000) in the year.

24. ULTIMATE CONTROLLING PARTY

In the director's opinion the company is ultimately controlled by the director's, Messrs T & L Cavanagh, by virtue of the shareholding in the company.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

25. CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits held with financial institutions repayable without penalty on notice.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.