

Ardmore Group Limited

Annual Report and Financial Statements

Year Ended

30 September 2018

Company Number 10379475

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Ardmore Group Limited

Company Information

Directors	C J Byrne P J Byrne
Registered number	10379475
Registered office	6 Wharf Studios 28 Wharf Road London N1 7GR
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU
Bankers	Royal Bank of Scotland (Principal Banker) 63-65 Piccadilly London N1 7GR Lloyds Bank Plc 1 Silver Street Enfield EN1 3EE Handelsbanken Nicholas House River Front Enfield EN1 3TF

Ardmore Group Limited

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Ardmore Group Limited

Group Strategic Report For the Year Ended 30 September 2018

Introduction

The directors present their strategic report together with the audited financial statements for the year ended 30 September 2018. The prior period ran from 16 September 2016 to 30 September 2017.

Principal activities, review of business and future developments

The Ardmore Group's principal activity is that of a main contractor for the construction of residential and commercial developments in the UK.

In addition to the main construction operations, the group includes a manufacturing operation, as well as a mixed investment property portfolio.

Nature of the business

The main contracting side of the group, Ardmore Construction Ltd, has a geographic focus of London and the South East, with developments ranging from high end luxury apartments, hotel refurbishments and mixed residential schemes for private house builders and housing associations.

The manufacturing arm, Paddington Construction Ltd, supplies bespoke joinery, architectural steel and stonemasonry products. The sole consumer of these products is Ardmore Construction Ltd.

The subsidiary property group holds a portfolio of residential and light industrial properties that are occupied by the Group as well as third parties.

Business review

The financial year to 30 September 2018 started with the Group relocating to its new Central London offices which has allowed the business to focus on improving the performance of its core activities.

The UK construction industry has encountered real challenges in the past 12 months. The uncertainty created by the negotiation of UK's exit from Europe at the end of March 2019 has troubled decision makers, who are understandably reluctant to commit significant capital to new schemes. Significant design challenges for residential and commercial construction projects have been presented to all in the sector post the Grenfell fire.

Together with weak residential property sales, developers have perhaps been more hesitant in starting new projects as planned. Operating in this difficult environment, it is a credit to the site teams that the business has continued to drive production and handed over some impressive projects.

The manufacturing operation has undergone some significant structural changes in terms of commercial and production processes. Although some key elements of the processes have now been implemented they will need time before the benefits will become apparent. The programme of changes continues in 2019 but we should see the benefits of our 2018 efforts in 2019.

Performance

The turnover in the year of £257.9m is significantly down on the 2017 figure of £370.7m but this was entirely expected. The Board is however pleased to see the Group reporting profits before tax of £25.1m for the year which is a 67% increase on 2017. This is explained by the Group's prudent profit recognition policy of only taking margin as the inherent risks in the projects are worked through.

Increases in IT investment, facility repairs and professional fees have pushed up the Group's overheads above the £21m mark. Management are satisfied this represented good value-for-money expenditure and necessary to meet the objectives of the Group. The Group also incurred exceptional costs of £997k (see note 5).

Ardmore Group Limited

Group Strategic Report (continued) For the Year Ended 30 September 2018

Business review (continued)

In assessing the recoverability of the related party due from Ardmore Ireland Ltd and Stylo Estates Ltd, the Board considered the fair value of the properties that underpinned these balances. It was noted the circumstances surrounding the potential to develop the property in Ireland remain poor and although alternative uses have been considered the carrying value of the receivable should remain unchanged.

As reported in earlier years the amounts owed by Byrne Estates (Chatham) Limited is underpinned by the profit agreement linked to the sale of the development at Chatham Quays. With all the residential units now sold and the commercial units largely rented, the Board had expected to receive a distribution. The unexpected change in circumstances reported at the end of 2017 make this distribution unlikely before 2020. Management are exploring ways of recovering the outstanding balance earlier than 2020. The Board reassessed the carrying value and have made a further provision of £164k in the year.

Cash and Working capital

The Group's cash position remains strong despite a reduced cash balance when compared to 2017. Corporation tax, dividends and settling large final accounts with the construction operation supply chain have accounted for the greatest share of this reduction. The latter being reflected in the significant reduction of creditors due within one year shown on the consolidated balance sheet.

The increased trading activity in 2017 and early 2018 has retentions held by customers for the contractual defect liability period up at £27.1m. This 2017 figure of £27.1m but the Group remains committed to addressing any aftersales matters and therefore expect to fully recover these balances as they fall due.

Overall, the Group's working capital management remains very good. With the group companies credit and payment scores throughout the year comparing favourably with the sector averages, the company has shown its commitment to following good payment practices as part of its working capital management.

The company continue to work closely with their principal bankers, RBS, Lloyds and Handelsbanken as well as their bond providers to ensure the Group has the necessary facilities to continue to trade successfully.

Net assets and reserves

The net assets at the balance sheet date of the Group, even after distributions, has improved by a respectable 13.5% from £37.8m to £42.9m.

The market value of the Group's residential property portfolio fell by c£25k but this was more than offset by the increases in the value of the commercial portfolio. The net increased in value by c£900k. The freehold property provides the Group with a solid asset base. With only £1.0m secured debt outstanding the loan to value ratio is very small. The overall positive trading performance of the Group sees the consolidated profit and loss reserves end the year at a healthy £26.5m.

Outlook

Brexit negotiations continue to dominate the political landscape. Although progress has been made with the UK government and Europe there is clear dissatisfaction domestically with the details of the deal negotiated. Although we cannot directly attribute this situation to the delays in awards and starts, it is difficult to overlook this as a main contributor.

The Group has secured 100% of its 2019 turnover which, subject to unforeseen circumstances should, be a respectable £250m. The coming year's results are best secured by focusing on delivering projects on time and within budget and by removing unnecessary overheads.

Ardmore Group Limited

Group Strategic Report (continued) For the Year Ended 30 September 2018

Outlook (continued)

The Board continues to be optimistic as the Group's activities are largely in London and the London economy has shown resilience over the years. The shortage in affordable housing in London remains. However, with the UK government distracted by European events, house building appears to have been pushed down their list of priorities. The Group works to maintain its good relationships with some of the leading Housing Associations to ensure it is best placed to deliver high quality products.

People and awards

Ardmore recognises that people are at the heart of its business and to that end a number of changes and improvements have been made over the last year. This includes several new policies, a review of HR processes and procedures, a consistent approach to pay and reward, succession planning and a number of new communication initiatives, e.g. employee representatives forum, fairness inclusion and respect strategic group, and HR drop in sessions.

The focus for the coming year will be on reducing staff turnover to 20% voluntary across the business, reviewing learning and development programmes to ensure best value, and continuing with succession planning.

In terms of awards, internally we have launched a number of awards, including the Achieving Success Awards, Graduate of the Year, and Mentor of the Year, and externally Ardmore were listed in the 2018 Honour Roll of the UK Social Mobility Awards. During 2019 we will be working towards achieving Investors in People Accreditation.

Health and safety

Ardmore has robust systems of internal control of risks relating to the environment, business reputation and health and safety. Ardmore maintains these governance systems via its ISO accreditations for quality, environment and health and safety which embrace business quality and the performance of its functions and operations. This ensures that Ardmore can deliver its promises and contractual commitments to clients and stakeholders in a consistent and reliable manner. In 2018 we transitioned the quality and environmental management systems to the latest standards, ISO 9001:2015 and ISO14001:2015, ensuring that our procedures reflect best practice in the industry. In 2019 we will transition the existing BS OHSAS 18001 Occupational Health and Safety Management System to the replacement ISO 45001.

Environment, health and safety arrangements are adequately resourced with a professional H&S Director and 12 dedicated staff to provide advice, training and monitoring. Risk assessments are carried out for all activities, and every person on Ardmore sites is inducted and given a short daily task briefing, where they are encouraged to discuss matters affecting their health and safety. Ardmore regularly wins ROSPA Health and Safety Awards, based on its systems and performance.

The board has set a target of zero reportable injuries to its staff, suppliers, customers and member of the public. In the last fiscal year, the company frequency rate was 0.12 reportable injuries per 100,000 hours worked. This represents 830,000 working hours between each injury, comparable with industry good practice. We will continue to strive to eliminate all accidents.

We are a partner member of the Considerate Constructors Scheme. Last year our sites won a silver, for Sutton Point, and 3 bronze awards, placing Ardmore third in the country for its elevated level of consistent performance. Considerate Constructors assesses health and safety, site appearance, care for the environment, community engagement, and care for the workforce, thus promoting the sustainability agenda in construction.

This report was approved by the board on

17 December 2018 and signed on its behalf.



P. Byrne
Director

Ardmore Group Limited

Directors' Report For the Year Ended 30 September 2018

The directors present their report and the financial statements for the year ended 30 September 2018.

Principal activities, review of business and future developments

In the prior year the group performed a restructure, with Ardmore Group Limited acquiring the total share capital of Ardmore Construction Limited in a share for share exchange, subsequently Ardmore Construction Limited transferred all its subsidiaries to Ardmore Group Limited.

The Ardmore Group's principal activity is that of a main contractor for the construction of residential and commercial developments in the UK.

See page 1 for the strategic report which covers the business update, including a business review, outlook, awards and people.

Results and dividends

The profit for the year, after taxation, amounted to £19,786,163 (2017 - £11,151,863).

The directors approved an interim dividend of £9.477 (2017 - £1.43) per ordinary A share and £17,222.22 (2017 - £11,222.22) per ordinary B share for the year ended 30 September 2018. Final dividends of £12.543 (2017 - £Nil) per ordinary A share and £25,000.00 (2017 - £Nil) were also approved in the year.

Principal risks and uncertainties

The group continues to operate within specific policies, agreed by the board, to control and monitor risks within the group. The primary areas of risk are as follows:

Credit risk

The group's financial assets include contract debtors and other receivables. All new clients are referenced with reputable credit reporting agencies. Across the group contract debtors are regularly reviewed whereby any variance from agreed terms is immediately reported.

Liquidity risk

The group maintains appropriate funding levels relative to the level of current and future requirements arising from the group's strategy. Cash flow forecasts are prepared and are closely monitored. Having performed detailed analysis, we consider the degree of headroom within our current facilities to be adequate.

Market risk

The group is aware of the risks inherent in the current market place which stem from wider economic issues facing the global economy. As such we continue to monitor closely our secured order books and prepare twelve month flexed forecasts focusing on the implications for liquidity and profitability. These are closely monitored by the board with remedial action taken as and when required.

Operational risk

The group recognises the risks involved in the various stages of project completion. Budgets are prepared for all projects prior to commencement, with detailed planning performed in advance to support the operations on site. All projects are closely monitored via monthly Cost Valuation Reporting mechanisms with action taken where any variations are identified.

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Directors' Report (continued) For the Year Ended 30 September 2018

Going concern

The Directors have reviewed the cash flow projections for the company and group in light of the current economic conditions and have considered the financial resources of the company and group, having regard to additional resources available to related undertakings to support the related party indebtedness. Accordingly, the Directors have a reasonable expectation that the group has adequate resources to continue operations for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Post statement of financial position events

No material events have arisen since the reporting date which require disclosure.

Directors

The directors who served during the year and to the date of this report were:

C J Byrne
P J Byrne

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 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 for the group's financial statements and then apply them consistently;
- make judgements 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 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.

Ardmore Group Limited

Directors' Report (continued) For the Year Ended 30 September 2018

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 the director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- the 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 and the group's auditor is aware of that information.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 17 December 2018 and signed on its behalf.


P J Byrne
Director



Ardmore Group Limited

Independent Auditor's Report to the Members of Ardmore Group Limited

Opinion

We have audited the financial statements of Ardmore Group Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 30 September 2018 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2018 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company 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 or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Ardmore Group Limited

Independent Auditor's Report to the Members of Ardmore Group Limited (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions 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 Strategic report and Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report 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 Strategic report and Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Ardmore Group Limited

Independent Auditor's Report to the Members of Ardmore Group Limited (continued)

Responsibilities of directors

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, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the 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.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Geraint Jones (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

17 December 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Ardmore Group Limited

Consolidated Statement of Comprehensive Income For the Year Ended 30 September 2018

	Note	2018 £	2017 £
Turnover	4	257,871,593	370,733,010
Cost of sales		(210,848,239)	(332,053,853)
Gross profit		47,023,354	38,679,157
Administrative expenses		(21,867,510)	(20,300,216)
Exceptional administrative expenses	5	(1,178,011)	(5,489,176)
Profit on disposal of investment property and fixed assets	5	180,660	1,204,029
Other operating income		207,268	219,490
Fair value movement on revaluation of investment property		272,220	713,956
Operating profit	6	24,637,981	15,027,240
Interest receivable and similar income	9	437,907	134,931
Interest payable and expenses	10	(24,637)	(125,968)
Profit before taxation		25,051,251	15,036,203
Tax on profit	11	(5,265,088)	(3,884,340)
Profit for the financial year		19,786,163	11,151,863
Unrealised surplus on revaluation of tangible fixed assets		901,966	604,153
Other comprehensive income for the year		901,966	604,153
Total comprehensive income for the year		20,688,129	11,756,016
Profit for the year attributable to:			
Owners of the parent company		19,786,163	11,151,863
Total comprehensive income for the year attributable to:			
Owners of the parent company		20,688,129	11,756,016

The notes on pages 19 to 44 form part of these financial statements.

Ardmore Group Limited

Registered number: 10379475

Consolidated Statement of Financial Position As at 30 September 2018

	Note	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Intangible assets			3,707		3,707
Tangible assets	14		25,425,457		25,074,629
Investment property	15		19,040,610		18,572,105
Investments	16		1		1
			<u>44,469,775</u>		<u>43,650,442</u>
Current assets					
Stocks	17	4,782,207		5,611,528	
Debtors: amounts falling due after more than one year	18	29,186,696		23,505,325	
Debtors: amounts falling due within one year	18	39,319,648		34,377,499	
Cash at bank and in hand	19	73,036,456		96,637,793	
		<u>146,325,007</u>		<u>160,132,145</u>	
Current liabilities					
Creditors: amounts falling due within one year	20	(129,114,711)		(156,335,382)	
Net current assets			<u>17,210,296</u>		<u>3,796,763</u>
Total assets less current liabilities			<u>61,680,071</u>		<u>47,447,205</u>
Creditors: amounts falling due after more than one year	21		(5,034,947)		(7,128,706)
Provisions for liabilities					
Deferred taxation	25	(1,603,236)		(1,310,740)	
Other provisions	26	(12,093,000)		(1,247,000)	
			<u>(13,696,236)</u>		<u>(2,557,740)</u>
Net assets			<u><u>42,948,888</u></u>		<u><u>37,760,759</u></u>

Ardmore Group Limited
Registered number: 10379475

Consolidated Statement of Financial Position (continued)
As at 30 September 2018

	Note	2018 £	2017 £
Capital and reserves			
Called up share capital	27	358,956	358,956
Share premium account	28	11,520	11,520
Revaluation reserve	28	13,032,422	11,858,236
Merger reserve	28	3,053,437	3,053,437
Profit and loss account	28	26,492,553	22,478,610
		<u>42,948,888</u>	<u>37,760,759</u>

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

17 December 2018


P J Byrne
Director

The notes on pages 19 to 44 form part of these financial statements.

Ardmore Group Limited
Registered number: 10379475

Company Statement of Financial Position
As at 30 September 2018

	Note	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Investments	16		534,422		534,422
Current assets					
Debtors: amounts falling due within one year	18	10,666,483		21,012,529	
Cash at bank and in hand	19	48,589,754		44,036,884	
		<u>59,256,237</u>		<u>65,049,413</u>	
Creditors: amounts falling due within one year	20	(45,964,373)		(51,845,265)	
Net current assets			<u>13,291,864</u>		<u>13,204,148</u>
Net assets			<u><u>13,826,286</u></u>		<u><u>13,738,570</u></u>
Capital and reserves					
Called up share capital	27		358,956		358,956
Share premium account	28		11,520		11,520
Profit and loss account			13,455,810		13,368,094
			<u><u>13,826,286</u></u>		<u><u>13,738,570</u></u>

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


P J Byrne
Director

17 December 2018

The notes on pages 19 to 44 form part of these financial statements.

Ardmore Group Limited

Consolidated Statement of Changes in Equity For the Year Ended 30 September 2018

	Called up share capital	Share premium account	Revaluation reserve	Merger reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 October 2017	358,956	11,520	11,858,236	3,053,437	22,478,610	37,760,759
Comprehensive income for the year						
Profit for the year	-	-	-	-	19,786,163	19,786,163
Unrealised surplus on revaluation of tangible fixed assets	-	-	901,966	-	-	901,966
Total comprehensive income for the year	-	-	901,966	-	19,786,163	20,688,129
Dividends (see note 12)	-	-	-	-	(15,500,000)	(15,500,000)
Gain from changes in fair value of investment property	-	-	272,220	-	(272,220)	-
Total transactions with owners	-	-	272,220	-	(15,772,220)	(15,500,000)
At 30 September 2018	358,956	11,520	13,032,422	3,053,437	26,492,553	42,948,888

The notes on pages 19 to 44 form part of these financial statements.

Ardmore Group Limited

Consolidated Statement of Changes in Equity For the Year Ended 30 September 2017

	Called up share capital	Share premium account	Revaluation reserve	Merger reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 October 2016	358,776	-	13,227,281	3,053,437	11,885,163	28,524,657
Comprehensive income for the period						
Profit for the period	-	-	-	-	11,151,863	11,151,863
Unrealised surplus on revaluation of tangible fixed assets	-	-	604,153	-	-	604,153
Total comprehensive income for the period	-	-	604,153	-	11,151,863	11,756,016
Dividends (see note 12)	-	-	-	-	(2,531,614)	(2,531,614)
Shares issued during the period	180	11,520	-	-	-	11,700
Transfer on disposal of investment property	-	-	(2,687,154)	-	2,687,154	-
Gain from changes in fair value of investment property	-	-	713,956	-	(713,956)	-
Total transactions with owners	180	11,520	(1,973,198)	-	(558,416)	(2,519,914)
At 30 September 2017	358,956	11,520	11,858,236	3,053,437	22,478,610	37,760,759

The notes on pages 19 to 44 form part of these financial statements.

Ardmore Group Limited

Company Statement of Changes in Equity For the Year Ended 30 September 2018

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 October 2017	358,956	11,520	13,368,094	13,738,570
Comprehensive income for the year				
Profit for the year	-	-	15,587,716	15,587,716
Total comprehensive income for the year	-	-	15,587,716	15,587,716
Contributions by and distributions to owners				
Dividends	-	-	(15,500,000)	(15,500,000)
Total transactions with owners	-	-	(15,500,000)	(15,500,000)
At 30 September 2018	358,956	11,520	13,455,810	13,826,286

Company Statement of Changes in Equity For the Year Ended 30 September 2017

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 16 September 2016	-	-	-	-
Comprehensive income for the period				
Profit for the period	-	-	15,899,708	15,899,708
Total comprehensive income for the period	-	-	15,899,708	15,899,708
Contributions by and distributions to owners				
Dividends	-	-	(2,531,614)	(2,531,614)
Shares issued during the period	358,956	11,520	-	370,476
Total transactions with owners	358,956	11,520	(2,531,614)	(2,161,138)
At 30 September 2017	358,956	11,520	13,368,094	13,738,570

The notes on pages 19 to 44 form part of these financial statements.

Ardmore Group Limited

Consolidated Statement of Cash Flows For the Year Ended 30 September 2018

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	19,786,163	11,151,863
Adjustments for:		
Amortisation of intangible assets	-	40,232
Depreciation of tangible assets	650,586	636,223
Loss on disposal of tangible assets	287,024	(1,204,029)
Interest paid	24,637	125,968
Interest received	(437,907)	(134,931)
Taxation charge	5,265,088	3,884,340
Decrease in stocks	829,321	380,381
(Increase)/decrease in debtors	(10,623,520)	14,815,649
(Decrease)/increase in creditors	(30,921,253)	28,496,233
Increase in provisions	10,846,000	-
Net fair value (gains) recognised in P&L	(272,220)	(713,956)
Corporation tax paid	(4,636,653)	(2,075,407)
Exceptional item	1,135,648	5,125,000
Net cash generated from operating activities	(8,067,086)	60,527,566
Cash flows from investing activities		
Purchase of tangible fixed assets	(386,472)	(8,861,709)
Purchase of investment properties	(196,285)	-
Interest received	437,907	134,931
HP interest paid	(2,070)	(4,353)
Other interest paid	(22,570)	-
Net cash from investing activities	(169,490)	(8,731,131)

Ardmore Group Limited

Consolidated Statement of Cash Flows (continued) For the Year Ended 30 September 2018

	2018 £	2017 £
Cash flows from financing activities		
Issue of ordinary shares	-	11,700
Repayment of loans	(96,711)	(2,563,860)
Repayment of finance leases	(30,684)	(43,297)
Dividends paid	(15,500,000)	(2,531,614)
Interest paid	-	(121,615)
Net cash used in financing activities	(15,627,395)	(5,248,686)
Net (decrease)/increase in cash and cash equivalents	(23,863,971)	46,547,749
Cash and cash equivalents at beginning of year	96,496,177	49,948,428
Cash and cash equivalents at the end of year	72,632,206	96,496,177
Cash and cash equivalents at the end of Year comprise:		
Cash at bank and in hand	73,036,456	96,637,793
Bank overdrafts	(404,250)	(141,616)
	72,632,206	96,496,177

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2018

1. General information

Ardmore Group Limited is a company incorporated in England & Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The prior year group results have been restated to separately disclose £1,247,000 of provisions previously included within other creditors. This has had no impact to total or net assets as reported nor the result for the year.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

Ardmore Group Limited was incorporated on 16 September 2016 and had its first accounting period end on 30 September 2017.

Where the acquisition method is used, the results of the subsidiary undertakings are included from the date of acquisition.

2.3 Merger accounting

Where merger accounting is used, the investment is recorded in the company's Statement of Financial Position at the nominal value of the shares issued together with the fair value of any additional consideration paid.

In the group financial statements, merged subsidiary undertakings are treated as if they had always been a member of the group. The results of such a subsidiary are included for the whole period in the year it joins the group. The corresponding figures for the previous year include its results for that period, the assets and liabilities at the previous Statement of Financial Position date and the shares issued by the company as consideration as if they had always been in issue. Any differences between the nominal value of the shares acquired by the company and those issued by the company to acquire them are taken to reserves.

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2018

2. Accounting policies (continued)

2.4 Turnover

Turnover represents consideration receivable net of VAT and discounts on the following group activities:

Construction contracts

Construction contracts turnover represents revenue received from construction work carried out in the year and includes an appropriate proportion of revenue receivable from construction contracts which are recognised by reference to the stage of completion of the contract at the Statement of Financial Position date as measured by the company's surveyors in liaison with third parties.

Variations in contract work and claims are included in the assessment of a contract position to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

Sale of goods and buildings services

Goods and services turnover is recognised when the risks and rewards of owning the goods has passed to the customer which is generally on delivery.

Sale of development property

Turnover from the sale of development properties is recognised at the point the sale is legally complete or binding on the company.

Investment property rental income

Rental income is recognised at the end of the month in which it relates to.

2.5 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. Properties are included under the revaluation model, see note 2.6.

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2018

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on the following basis:

Freehold property	- over 50 years straight line
Plant and machinery	- 15% reducing balance
Motor vehicles	- 20% reducing balance
Fixtures and fittings	- 15% reducing balance
Leasehold improvements	- 7 years 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 in the Consolidated Statement of Comprehensive Income.

2.6 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Statement of Financial Position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Consolidated Statement of Comprehensive Income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.7 Investment property

Investment property is carried at fair value determined annually with reference to external valuations and internal experts and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Consolidated Statement of Comprehensive Income.

Investment property held in individual entity financial statement as investment property in which the asset is used by other group companies are presented as freehold property on consolidation to reflect the usage by the group.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2018

2. Accounting policies (continued)

2.9 Stocks

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

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

Cost of stock properties is calculated at the original purchase cost together with other attributable costs of the purchase.

Long term contracts are assessed on a contract by contract basis and are reflected in the income statement by recording turnover and related costs as contract activity progresses.

The amount of long term contracts, at costs incurred, net of amounts transferred to cost of sales, after deducting foreseeable losses and payments on account not matched with turnover, is included in work in progress and stock as long term contract balances. The amount by which recorded turnover is in excess of payments on account is included in debtors as amounts recoverable on long term contracts. Payments in excess of recorded turnover and long term contract balances are included in creditors as payments received on account on long term contracts. The amount by which provisions or accruals for foreseeable losses exceed costs incurred, after transfers to cost of sales, is included within either provisions for liabilities and charges or creditors, as appropriate.

2.10 Financial instruments

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

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

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

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the reporting date.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2018

2. Accounting policies (continued)

2.12 Cash and cash equivalents

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

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

2.13 Creditors

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

2.14 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income within 'other operating income'.

2.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2018

2. Accounting policies (continued)

2.16 Operating leases: the group as lessor

Rentals income from operating leases is credited to the Consolidated Statement of Comprehensive Income on a straight line basis over the term of the relevant lease.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

2.17 Pensions

Defined contribution pension plan

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

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

2.18 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

2.19 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.20 Borrowing costs

All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the year in which they are incurred.

2.21 Provisions for liabilities

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

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

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2018

2. Accounting policies (continued)

2.22 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company and the group operate and generate income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

2.23 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the group but are presented separately due to their size or incidence.

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2018

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the company as a lessor are operating leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred to the lessee on a lease by lease basis.
- Determine the expected future profitability in respect of long term contracts, on a contract by contract basis, to recognise the appropriate stage of completion and profits as the project progresses. The directors employ chartered surveyors who work closely on the projects, together with regular update meetings with the senior finance team, to critically assess the current and expected positions to enable them to make these judgements.
- Determine the recoverability of trade and other debtors, retention balances, related party debtors and amounts recoverable on contracts. The directors and senior finance team monitor the recoverability, cash collection trends and creditworthiness of customers and make or reverse specific provisions where necessary.
- Determine where accruals, provisions or contingent liabilities exist for any remedial works required to completed contracts. The directors and senior management assess all construction contracts on a regular basis alongside the company's surveyors, customer communications and industry developments, and consider if any liability exists. Where a liability is identified, the directors and senior management consider if a probable outflow and reliable estimate exist and record an accrual, provision or contingent liability accordingly.

Other key sources of estimation uncertainty

- Tangible fixed assets (see note 14)

Tangible fixed assets, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- Investment property and properties included in fixed assets (see notes 14 and 15)

Investment properties and properties included in fixed assets are valued currently by the directors using a yield methodology. This uses estimates of the likely sales proceeds upon disposal of the properties but there is an inevitable degree of judgement included.

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2018

4. Turnover

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

	2018 £	2017 £
Construction contracts	257,163,387	370,012,970
Investment property rental income	708,206	720,040
	<u>257,871,593</u>	<u>370,733,010</u>

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	<u>257,871,593</u>	<u>370,733,010</u>

5. Exceptional items

	2018 £	2017 £
Provision against amounts due from related undertakings (see note 19)	-	5,125,000
Head office relocation costs	42,363	364,176
Withholding tax expensed	1,135,648	-
Profit on disposal of freehold properties	-	(1,448,330)
(Profit)/loss on disposal of plant and machinery	(180,660)	244,301
	<u>997,351</u>	<u>4,285,147</u>

During the year, the group expensed £1,016,000 previous withholding tax paid in relation to interest payments.

In the prior year the group provided £5,125,000 in relation to debts due from related parties, which comprise £3,250,000 relating to amounts due from Ardmore Contracting (Ireland) Limited (see note 30) and £1,875,000 relating to amounts due from Byrne Estates (Chatham) Limited (see note 18).

The Group relocated its head office early in the current year, resulting in one off costs of £42,363 (2017 - £364,176).

During the prior year the group disposed of freehold properties which generated a profit on disposal of £1,448,330. Disposal of plant and machinery in the year generated a profit of £180,660 (2017 - £244,301 loss).

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2018

6. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	650,586	636,223
Amortisation of intangible assets, including goodwill	-	40,232
Fees payable to the group's auditor for the audit of the company's annual financial statements	18,990	23,430
- The audit of the group's subsidiaries pursuant to legislation	144,310	149,670
- Taxation compliance services	48,200	46,500
- Taxation advisory services	62,900	29,748
- Other services	6,800	37,240
Defined contribution pension cost	360,690	283,281
Exceptional items (see note 5)	997,351	4,285,147
Other operating lease rentals	306,008	87,460

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2018

7. Employees

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

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Wages and salaries	20,665,134	19,634,748	2,231,773	1,631,900
Social security costs	1,727,617	1,897,453	117,545	225,202
Cost of defined contribution scheme	360,690	283,281	-	-
	<u>22,753,441</u>	<u>21,815,482</u>	<u>2,349,318</u>	<u>1,857,102</u>

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund. Contributions totalling £Nil (2017 - £Nil) were payable to the fund at the reporting date.

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

	2018 No.	2017 No.
Directors	3	3
Production and technical	197	223
Administrative	115	127
	<u>315</u>	<u>353</u>

The company has no employees other than the 3 directors.

8. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	<u>1,495,718</u>	<u>1,631,900</u>

The highest paid director received remuneration of £690,000 (2017 - £705,932). During the year awards were granted under the group's employee benefit trust totalling £1,380,000 (2017 - £1,411,864) to the directors.

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2018

9. Interest receivable

	2018 £	2017 £
Other interest receivable	437,907	134,931

10. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	20,941	67,844
Loan interest payable	1,516	14,124
Finance leases and hire purchase contracts	2,070	4,352
Other interest payable	110	39,648
	24,637	125,968

11. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	5,017,806	3,657,609
Adjustments in respect of previous periods	(45,214)	-
Total current tax	4,972,592	3,657,609
Deferred tax		
Origination and reversal of timing differences	292,496	226,731
Taxation on profit on ordinary activities	5,265,088	3,884,340

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2018

11. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is higher than (2017 - lower than) the standard rate of corporation tax in the UK of 19.00% (2017 - 19.50%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	26,649,660	15,036,205
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017 - 19.50%)	5,063,435	2,932,060
Effects of:		
Expenses not deductible for tax purposes	637,466	999,375
Utilisation of tax losses brought forward	(166,610)	(42,983)
Difference on properties revaluation tax base	68,956	(842,808)
Movement in deferred tax rate	-	(38,403)
Adjustments to prior year	(45,214)	-
Other	(292,945)	877,099
Total tax charge for the Year/period	5,265,088	3,884,340

Factors that may affect future tax charges

Certain group companies have tax losses available for offset against future profits of approximately £10,280,000 (2017 - £10,180,000). The potential deferred tax asset of £1,747,000 (2017 - £1,730,600) using a rate of 17% (2017 - 17%) has not been provided for in respect of these losses.

12. Dividends

	2018 £	2017 £
A Ordinary		
Interim paid of £9.477 (2017 - £1.43) per ordinary share	3,400,000	511,614
Final payable of £12.543 (2017 - £Nil) per ordinary share	4,500,000	-
B Ordinary		
Interim paid of £17,222.22 (2017 - £11,222.22) per ordinary share	3,100,000	2,020,000
Final payable of £25,000.00 (2017 - £Nil) per ordinary share	4,500,000	-
	15,500,000	2,531,614

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2018

13. Parent company profit for the year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent company for the year/period was £15,587,716 (2017 - £15,899,708).

14. Tangible fixed assets

Group

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 October 2017	22,338,459	8,016,205	1,011,688	1,847,342	33,213,694
Additions	-	167,383	-	219,089	386,472
Disposals	-	(558,953)	(214,762)	-	(773,715)
Revaluations	901,966	-	-	-	901,966
At 30 September 2018	23,240,425	7,624,635	796,926	2,066,431	33,728,417
Depreciation					
At 1 October 2017	184,881	5,727,302	771,080	1,455,802	8,139,065
Charge for the year	-	409,037	41,776	199,773	650,586
Disposals	-	(304,086)	(182,605)	-	(486,691)
At 30 September 2018	184,881	5,832,253	630,251	1,655,575	8,302,960
Net book value					
At 30 September 2018	23,055,544	1,792,382	166,675	410,856	25,425,457
At 30 September 2017	22,153,578	2,288,903	240,608	391,540	25,074,629

The freehold properties totalling £23,069,598 (2017 - £22,153,578) have been valued at open market value at 30 September 2018 by C J Byrne and P J Byrne, who are directors of the company. In line with the valuation policy, where the difference between the valuation and the carrying value of the property was significant then the revaluation has been applied to the carrying value. The last full valuation was carried out on 30 September 2016. The directors are qualified to make valuations on the basis of their knowledge of the commercial property market. In making the valuation the directors have considered the value in use of the properties and the present market conditions.

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2018

15. Investment property

Group

	Freehold investment property £
Valuation	
At 1 October 2017	18,572,105
Additions at cost	196,285
Surplus on revaluation	272,220
At 30 September 2018	19,040,610

The group's investment properties totalling £19,040,610 (2017 - £18,572,104) have been valued at fair market value at 30 September 2018 by C J Byrne and P J Byrne, who are directors of the company. The directors are qualified to make valuations on the basis of their knowledge of the commercial property market. In making the valuation the directors have considered the value in use of the properties and the present market conditions.

The group had annual lessor income commitments on its externally rented investment properties of £725,000 (2017 - £735,000).

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2018 £	2017 £
Historic cost	14,410,840	14,214,555

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2018

16. Fixed asset investments

Group

	Investments in joint venture £
Cost	
At 1 October 2017	1
At 30 September 2018	1
Net book value	
At 30 September 2018	1
At 30 September 2017	1

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Ardmore Construction Limited	Ordinary	100 %	General builder
Paddington Construction Limited	Ordinary	100 %	Manufacturing
Systemhaven Limited	Ordinary	100 %	Holding company
Byrne Estates (Kensal Green) Limited	Ordinary	100 %	Property development
Byrne Properties Limited	Ordinary	100 %	Property investment & development
Celebration Homes Limited	Ordinary	100 %	Property investment & development
British Contractors Plant Limited	Ordinary	100 %	Dormant

The registered office of the above subsidiaries is the same as that shown on the company information page in respect of the parent.

Participating interests

The group's interest in joint ventures is represented by a 50% interest in the ordinary share capital of Ardmore First Base Partnership Limited, a company incorporated in the United Kingdom, which is dormant.

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2018

16. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £
Cost	
At 1 October 2017	5,090,205
Disposals	(33,231)
At 30 September 2018	<u>5,056,974</u>
Impairment	
At 1 October 2017	4,555,783
Impairment release on disposals	(33,231)
At 30 September 2018	<u>4,522,552</u>
Net book value	
At 30 September 2018	<u>534,422</u>
At 30 September 2017	<u>534,422</u>

During the year the company struck off the following dormant subsidiaries: Listria Limited, Byrne Construction Limited, BCL Rail Services Limited, CMP Recruitment Limited, CPC Mechanical and Engineering Limited and Lintelcourt Limited.

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2018

17. Stocks

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Raw materials and consumables	2,452,746	2,184,486	-	-
Work in progress	106,065	1,456,103	-	-
Finished goods and goods for resale	310,730	58,273	-	-
Development properties	1,912,666	1,912,666	-	-
	<u>4,782,207</u>	<u>5,611,528</u>	<u>-</u>	<u>-</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material, with the exception of development properties as below.

Stock recognised in cost of sales during the year as an expense was £45,798,000 (2017 - £53,730,219).

Development properties are held at cost less provision for impairment. The properties were valued by the directors at open market value at 30 September 2018 at £4,645,000 (2017 - £5,478,000).

18. Debtors

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Due after more than one year				
Trade debtors	24,986,696	23,505,325	-	-
Other debtors	4,200,000	-	-	-
	<u>29,186,696</u>	<u>23,505,325</u>	<u>-</u>	<u>-</u>

Trade debtors due after more than one year relate to retentions due under normal terms on long term contracts.

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Due within one year				
Trade debtors	19,534,645	8,674,101	-	-
Amounts owed by group undertakings	-	-	10,459,192	21,012,529
Amounts owed by related parties	6,559,605	6,463,131	207,291	-
Other debtors	1,467,062	9,579,035	-	-
Prepayments and accrued income	876,809	541,628	-	-
Amounts recoverable on long term contracts	10,881,527	9,119,604	-	-
	<u>39,319,648</u>	<u>34,377,499</u>	<u>10,666,483</u>	<u>21,012,529</u>

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2018

18. Debtors (continued)

Amounts owed by related parties (net of provisions) includes £2,942,131 (2017 - £3,036,615) due from Byrne Estates (Chatham) Limited "Chatham", a related party by virtue of common control. The directors, who have a common interest in the Ardmore Group and Chatham, have recognised a provision of £164,000 (2017 - £1,875,000) against the debt during the year to reflect the uncertainty over the anticipated timing of recovery and have discounted the amount due at 7.5% for two years.

The recoverability of this asset is dependent on the profits forecast to be achieved by Chatham as a result of its participation with Chatham Quays Residential Limited (CQRL) and Chatham Quays Commercial Limited (CQCL) in an agreement linked to the sale of developed residential properties by CQRL along with profits forecast on a supplementary agreement linked to additional commercial property with CQCL. Under the agreement Chatham is entitled to a share of the profits achieved from the sale or rentals of the properties on completion of the disposal of the portfolio. The directors best estimate of the level of profits expected to be achieved through these agreements, less relevant expenditure, is forecast to be sufficient to recover the debt although the timing of repayments is uncertain. It should be noted that while the directors are confident of achieving a sufficient level of profitability under these agreements, this is dependent on the liquidity of the local property market and rental agreements achieved at the time of disposal.

19. Cash and cash equivalents

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Cash at bank and in hand	73,036,456	96,637,793	48,589,754	44,036,884
Less: bank overdrafts	(404,250)	(141,616)	-	-
	<u>72,632,206</u>	<u>96,496,177</u>	<u>48,589,754</u>	<u>44,036,884</u>

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2018

20. Creditors: Amounts falling due within one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Bank overdrafts	404,250	141,616	-	-
Bank loans	99,021	106,989	-	-
Payments received on account	203,926	9,397,176	-	-
Trade creditors	8,702,623	7,740,278	-	-
Subcontractor liabilities	22,952,795	37,260,292	-	-
Amounts owed to group undertakings	-	-	36,424,719	51,798,359
Corporation tax	2,296,402	1,960,464	139,492	46,906
Other taxation and social security	1,055,396	2,037,610	-	-
Obligations under finance lease and hire purchase contracts	16,670	30,684	-	-
Other creditors	11,809,428	2,429,968	9,400,162	-
Accruals and deferred income	81,574,200	95,230,305	-	-
	<u>129,114,711</u>	<u>156,335,382</u>	<u>45,964,373</u>	<u>51,845,265</u>

The company's bank loans and overdrafts are secured by a fixed and floating charge over the assets of the company and certain group companies as well as other guarantees as detailed in note 33.

21. Creditors: Amounts falling due after more than one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Bank loans	935,364	1,024,107	-	-
Net obligations under finance leases and hire purchase contracts	2,495	19,165	-	-
Subcontractor liabilities	4,097,088	6,085,434	-	-
	<u>5,034,947</u>	<u>7,128,706</u>	<u>-</u>	<u>-</u>

The company's bank loans and overdrafts are secured by a fixed and floating charge over certain group properties as well as other guarantees as detailed in note 33.

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2018

22. Loans

	Group 2018 £	Group 2017 £
Amounts falling due within one year		
Bank loans	99,021	106,989
Amounts falling due between one and two years		
Bank loans	100,966	108,578
Amounts falling due two and five years		
Bank loans	314,953	333,805
Amounts falling due after more than five years		
Bank loans	519,445	581,724
	<u>1,034,385</u>	<u>1,131,096</u>

The company's bank loans and overdrafts are secured by a fixed and floating charge over certain group properties as well as other guarantees as detailed in note 33.

The bank loans due in more than five years relate to mortgages on various freehold properties. Interest is charged on these loans at base rate plus a margin at rates between 1.6% and 3.2% per annum. There were no interest rate swaps at the end of the current or prior year.

23. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2018 £	Group 2017 £
Within one year	16,670	30,684
Between one and two years	2,495	19,165
	<u>19,165</u>	<u>49,849</u>

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2018

24. Financial instruments

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>140,355,297</u>	<u>153,596,617</u>	<u>59,245,453</u>	<u>65,049,413</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(130,200,320)</u>	<u>(151,315,837)</u>	<u>(45,824,881)</u>	<u>(51,798,359)</u>

Financial assets measured at amortised cost comprise cash, trade debtors, amounts owed by group undertakings, other debtors and amounts owed by related parties.

Financial liabilities measured at amortised cost comprise trade creditors, accruals, payments received on account, hire purchase liabilities, amounts owed to group undertakings, bank and other loans.

25. Deferred taxation

Group

	2018 £
At beginning of year	(1,310,740)
Charged to Statement of Comprehensive Income	(292,496)
At end of year	<u><u>(1,603,236)</u></u>

At end of year

	Group 2018 £	Group 2017 £
Accelerated capital allowances	(72,966)	(54,838)
Rollover relief on disposed property	(548,582)	(548,582)
Revaluation of properties	(981,688)	(707,320)
	<u><u>(1,603,236)</u></u>	<u><u>(1,310,740)</u></u>

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2018

26. Provisions

Group

	Provision for remedial work £
At 1 October 2017	1,247,000
Charged to Statement of Comprehensive Income	10,846,000
At 30 September 2018	12,093,000

The directors, based on internal and external advice available, have made a provision for remedial work required on previous projects. The timing for settlement of amounts provided is uncertain. The cost reflects the anticipated cost to the group.

27. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
358,776 A Ordinary shares of £1 each	358,776	358,776
180 B Ordinary shares of £1 each	180	180
	358,956	358,956

The B shares do not carry voting rights, or participation rights in the event of a winding up, other than a return of nominal value, but do not have a separate dividend entitlement.

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2018

28. Reserves

Revaluation reserve

This reserve represents the accumulated unrealised gains in respect of investment properties.

Merger Reserve

This reserve arose on a past business combination that was accounted for as a merger in accordance with UK GAAP as applied at that time.

Profit and loss account

This reserve represents cumulative profits or losses, net of dividends paid and other adjustments. Included in the group profit and loss account are non-distributable reserves of £9,281,484 (2017 - £9,281,484).

Called up share capital

This reserve represents the nominal value of the shares issued.

29. Contingent liabilities

The Directors have accrued for costs based on their best estimate of known claims, investigations and legal actions in progress. The group takes legal advice as to the potential outcomes of claims and actions and no provision is made where the directors consider, based on that advice, that the action is unlikely to succeed, or that the company cannot make a sufficiently reliable estimate of the potential obligation.

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2018

30. Related party transactions

During the year the group and company entered into transactions and outstanding balances with the following companies, which are within the definition of related parties, due to being under common control of C J Byrne & P J Byrne or their trusts. Movements relate to cash movements unless otherwise stated.

	Group 2018 £	Group 2017 £
Byrne Estates (Chatham) Limited	2,942,131	3,153,483
Byrne Estates Limited	17,002	21,538
Ardmore Contracting (Ireland) Limited	1,963,818	1,701,282
Stylo Estates Limited	1,625,623	1,560,802
Georgia Properties Limited	(8,182)	6,813
PAC Scaffolding Limited	1,500	1,500
Continental Trust Company Limited	17,713	17,713
	<u>6,559,605</u>	<u>6,463,131</u>

During the previous year the group increased its provision against amounts due from Byrne Estates (Chatham) Limited by £164,000 (2017 - £1,875,000), to reflect uncertainty over the timing and amount of the eventual profit share forecast to be achieved, see note 19.

During 2017 the group made a provision of £3,250,000 against amounts due from Ardmore Contracting (Ireland) Limited, due to uncertainty over recoverability. The directors have reassessed the development potential of the properties against which the recoverability of the debt is dependant. Following the unlikely renewal of certain planning permissions together with continued uncertainty over the Irish economy, and the impact of Brexit the directors consider it prudent to make provisions against the amounts due. The directors of Ardmore Contracting (Ireland) Limited are currently reviewing the strategic options of that company and property portfolio.

Amounts owing from trusts based in Gibraltar (of which C J and P J Byrne are the beneficiaries) at the year end totalled £572,025 (2017 - £1,952,025) and are included in other debtors. Amounts owed to the group are interest free and repayable on demand.

At the Statement of Financial Position date there were amounts due to C J Byrne and P J Byrne totalling £1,794,556 (2017 - £1,752,507). Dividends of £9,400,050 (2017 - £Nil) were also due to C J Byrne and P J Byrne at the Statement of Financial Position date.

Key management personnel include all directors and a number of senior managers across the group who together have authority and responsibility for planning, directing and controlling the activities of the group. The total compensation paid to key management personnel for services provided to the group was £2,349,318 (2017 - £2,448,121) including EBT awards of £1,380,000 (2017 - £1,411,864).

On 20 October 2016 the company acquired the share capital of Ardmore Construction Limited following a share for share transfer. On the same day, Ardmore Construction Limited disposed of its interest in all its subsidiaries to Ardmore Group Limited as part of a share for share exchange which resulted in Ardmore Group Limited becoming the parent company of these entities.

Ardmore Group Limited

Notes to the Financial Statements For the Year Ended 30 September 2018

31. Post statement of financial position events

No material events have arisen since the reporting date which require disclosure.

32. Controlling party

Ultimate control of the group and company rests with the directors and shareholders C J Byrne and P J Byrne directly and via trusts in which they are beneficiaries.

33. Guarantees

The group has entered into an unlimited cross guarantee in respect of an overdraft facility secured over all of the assets of British Contractors Plant Limited and Paddington Construction Limited. The net indebtedness of the above companies in respect of the overdraft facility at 30 September 2018 was £Nil (2017 - £Nil).

C J Byrne and P J Byrne have together provided personal guarantees in respect of the overdraft facility to the sum of £500,000 (2017 - £500,000). The life assurance policy for C J Byrne held by Ardmore Construction Limited and the policy for P J Byrne held by Paddington Construction Limited have been assigned to the lender as part of the overdraft guarantee.