

# Financial Statements

## BEAR Scotland Limited

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For the Year Ended 31 December 2016



Registered number: SC206139

## Company Information

**Directors**

G C A Bātut  
R S Duff  
M Godsell  
B J Gordon  
A K MacKenzie  
A A Seywright (resigned 28 January 2016)  
I P Smith (resigned 1 July 2016)  
W Taylor (deceased)  
S A Wardrop  
R Wood  
D Coultas (appointed 28 January 2016)  
M S Brown (appointed 11 October 2016)  
J G Barton (appointed 26 January 2017)

**Company secretary**

M S Brown (appointed 12 October 2016)

**Registered number**

SC206139

**Registered office**

BEAR House  
Inveralmond Road  
Inveralmond Industrial Estate  
Perth  
Perthshire  
PH1 3TW

**Independent auditor**

Grant Thornton UK LLP  
Chartered Accountants & Statutory Auditor  
7 Exchange Crescent  
Conference Square  
Edinburgh  
EH3 8AN

**Bankers**

The Royal Bank of Scotland plc  
36 St Andrew Square  
Edinburgh  
EH2 2YB

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# Group Strategic Report

For the Year Ended 31 December 2016

## **Introduction**

BEAR Scotland is a service provider in the Scottish roads maintenance sector. We pride ourselves on delivering a first rate service to our clients based on the whole-hearted commitment of our employees, our flexible approach, our breadth of experience and our operational capability. Having offices and depots with highly skilled people located throughout the country, our dedicated teams are working around the clock, tackling just about every imaginable task on Scotland's trunk road network.

Our vision is to be recognised as the leading infrastructure management and maintenance organisation in Scotland.

BEAR Scotland is a limited company formed by the alliance of Eurovia, Jacobs and Breedon Group. Each of these companies is successful in their own right in the road maintenance, transportation and civil engineering sectors, but the combination of the experience, skills and knowledge each company brings to BEAR Scotland provides our clients with enormous benefits through worldwide expertise and an unrivalled scope of operations.

Our services include design, maintenance, operation and asset management of approximately 2000km of road and over 3000 structures on behalf of major road authority clients.

Through BEAR Scotland and the support of our shareholders, we aim to offer high quality road maintenance services backed by global innovation, cutting edge systems, financial stability and strengthened buying power ensuring we provide a first-rate service.

We aim to do this by:

- Focusing on the health and safety of our employees and our stakeholders;
- Building lasting relationships based on delivering an experience based service;
- Partnering with and supporting the local communities in which we work;
- Introducing innovative techniques, materials, products and project management; and
- Providing solutions with cost effective whole life costing benefits.

## **Business review**

During the year BEAR Scotland continued to operate the 4th Generation Term Contracts for the Management and Maintenance of the Scottish Trunk Road Network, North West and North East units, along with the Operation and Maintenance Contract for the A92 Dundee to Arbroath and the Operation and Maintenance Contract for the M80 Stepps to Haggs.

BEAR Scotland in 2016 concentrated on the delivery of these existing long term contracts. The North West unit 4th Generation Trunk Road Contract is into its fourth year of operation and within the year achieved the targets set. We were advised in 2016 that the North West unit contract was extended from 31 March 2018 to 15 August 2020.

North East unit 4th Generation Trunk Road Contract is in its second year of operation and whilst a number of operational improvements were introduced, it has experienced some difficulties in achieving its targets. This is a result of a number of tender expectations not being realised, however indicators are continuing to show improvements going forward.

# Group Strategic Report

For the Year Ended 31 December 2016

## **Business review (continued)**

The A92 Operation and Maintenance Contract and M80 Operation and Maintenance Contract are both well into their 10 year terms and continue to achieve their targets.

Due to increased level of budget available from Transport Scotland in 2016 for trunk road maintenance, the turnover of the company increased 10% to £81.1m for 2016 from £73.7m in 2015. Company profit margins have improved in 2016 in line with the levels expected with profit before tax of £2.4m for the year from £1.5m in 2015.

BEAR Scotland's 100% owned subsidiary, Growing Concern Scotland Limited, had small adjustments in the accounts for 2016. It is anticipated this subsidiary will be dormant going forward. The landscaping business previously operated by the subsidiary company continues to trade profitably within BEAR Scotland.

In terms of dividends paid, BEAR Scotland was able to pay £2m this year (2015: £1m).

## **Principal risks**

### **Financial Risk Management Policy**

The group uses various financial instruments which include cash, trade debtors, amounts recoverable on contract, trade creditors, amounts due to group undertakings that arise directly from operations and hire purchase contracts. The main purpose of these financial instruments is to raise finance for the group's operations. The existence of these financial instruments exposes the group to a number of financial risks.

The main risks arising from the group's financial instruments are interest rate risk, credit risk, liquidity risk and competitive risk.

The directors review and agree policies for managing each of these risks and they are summarised below.

### **Interest rate risk**

The group's borrowing facilities are used to finance capital expenditure. The finance lease and hire purchase contracts are on a fixed interest basis over the period of the loan.

### **Credit risk**

The group's principal financial assets are cash and trade debtors. The associated credit risk is limited as the group's clients are predominantly public sector entities, which have a strong credit rating supported by the United Kingdom government.

### **Liquidity risk**

The group aims to mitigate liquidity risk by ensuring sufficient liquidity is available to meet foreseeable needs through reviewing trading and preparing forecasts.

### **Competitive risk**

The group is reliant on public bodies for contracts which are subject to periodic competitive tender. Renewal of these contracts is uncertain and based on financial and performance criteria.

## **Financial and non-financial key performance indicators**

The group's operational key performance indicators are centred on unit operating profit, contract profitability and overall group profit. The group did achieve the majority of the operational key performance indicators during the year, with profits in line with the target set.

In addition the group's long term contracts have operational KPI's related specifically to the service delivery for each contract which are monitored and reviewed on a monthly basis with our clients.

## **Group Strategic Report**

**For the Year Ended 31 December 2016**

### **Health and safety**

The group operates an award winning and certified health and safety system based on a behavioural safety approach. The group views the health and safety of our employees and those stakeholders who depend on our services as its prime objective.

We are committed to reducing accidents and incidents and the group performance is measured through the lost time incident frequency rate with the emphasis on reduction throughout the year. BEAR Scotland has been successful in reducing the lost time incidence frequency rate throughout 2016.

### **Employee involvement**

The group takes seriously its responsibilities to employees and as a policy, provides employees with information on matters of concern to them. It is also the policy of the group to consult, where practical, employees or their representatives so that their views may be taken into account in making decisions likely to affect their interests.

### **Disabled employees**

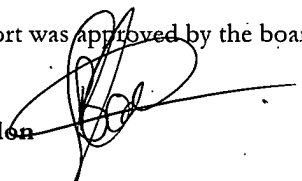
The policy of the group is to offer the same opportunities to disabled people as to all others in respect of recruitment and career advancement, provided their disability does not prevent them from carrying out the duties required of them.

### **Future developments**

The extension of the North West contract to August 2020 now aligns with the minimum North East contract period. The group going forward is in a strong position delivering two out of the four contracts for the management and maintenance of the Scottish trunk roads over the next four years. These core contracts provide the foundation to enable the company to continue to seek growth in our business through widening our client base and providing high standards of service to our existing clients.

In the directors opinion Growing Concern Scotland Limited will be dormant for the foreseeable future.

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

  
**B J Gordon**  
Director

Date: 29/03/2017

## **Directors' Report**

**For the Year Ended 31 December 2016**

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

### **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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and 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;
- 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.

### **Results**

The profit for the year, after taxation, amounted to £1,912,252 (2015 -£1,197,726).

### **Directors**

The directors who served during the year were:

G C A Batut  
R S Duff  
M Godsell  
B J Gordon  
A K MacKenzie  
A A Seywright (resigned 28 January 2016)  
I P Smith (resigned 1 July 2016)  
W Taylor (deceased)  
S A Wardrop  
R Wood  
D Coultas (appointed 28 January 2016)  
M S Brown (appointed 11 October 2016)

### **Charitable contributions**

During the year the company made charitable contributions totalling £6,529 (2015 - £9,077).

## Directors' Report (continued)

For the Year Ended 31 December 2016

### 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, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



B J Gordon  
Director

Date: 29/03/2017



## Independent Auditor's Report to the Members of BEAR Scotland Limited

We have audited the financial statements of BEAR Scotland Limited for the year ended 31 December 2016, which comprise the consolidated Statement of Comprehensive Income, the consolidated and Company Balance sheets, the consolidated Statement of cash flows and the consolidated and company Statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is the applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Directors and Auditor**

As explained more fully in the Directors' responsibilities statement on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 December 2016 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.



## Independent Auditor's Report to the Members of BEAR Scotland Limited (continued)

### **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 Directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements; and
- the Group strategic report and the Directors' report been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report under the Companies Act 2006**

In the light of our knowledge and understanding of the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report and the Directors' report.

### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept 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.

*Grant Thornton UK LLP*

Diana Penny (Senior statutory auditor)  
for and on behalf of  
Grant Thornton UK LLP  
Chartered Accountants  
Statutory Auditor  
Edinburgh  
Date: 29 MARCH 2017

# Consolidated Statement of Comprehensive Income

For the Year Ended 31 December 2016

	Note	2016 £	2015 £
Turnover		81,136,542	73,726,340
Cost of sales		(63,459,903)	(58,090,551)
<b>Gross profit</b>		<b>17,676,639</b>	<b>15,635,789</b>
Administrative expenses		(14,988,613)	(13,819,998)
<b>Operating profit</b>		<b>2,688,026</b>	<b>1,815,791</b>
Interest receivable and similar income	7	8,641	9,094
Interest payable and expenses	8	(268,541)	(282,913)
<b>Profit before taxation</b>		<b>2,428,126</b>	<b>1,541,972</b>
Tax on profit	9	(515,874)	(344,246)
<b>Profit for the year</b>		<b>1,912,252</b>	<b>1,197,726</b>
 <b>Total comprehensive income for the year</b>		 <b>1,912,252</b>	 <b>1,197,726</b>

The notes on pages 14 to 34 form part of these financial statements.

## Consolidated Statement of Financial Position

As at 31 December 2016

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Intangible assets	11	141,037	218,509
Tangible assets	12	9,573,787	10,405,002
		<u>9,714,824</u>	<u>10,623,511</u>
<b>Current assets</b>			
Stocks	14	2,075,470	2,132,469
Debtors: amounts falling due within one year	15	7,197,894	6,684,739
Cash at bank and in hand	16	9,451,762	3,153,704
		<u>18,725,126</u>	<u>11,970,912</u>
Creditors: amounts falling due within one year	17	(18,379,363)	(10,978,997)
<b>Net current assets</b>		<u>345,763</u>	<u>991,915</u>
<b>Total assets less current liabilities</b>		<u>10,060,587</u>	<u>11,615,426</u>
Creditors: amounts falling due after more than one year	18	(5,478,942)	(6,926,590)
<b>Provisions for liabilities</b>			
Deferred taxation		(35,765)	(83,838)
Other provisions	21	(320,784)	(292,154)
		<u>(356,549)</u>	<u>(375,992)</u>
<b>Net assets</b>		<u><u>4,225,096</u></u>	<u><u>4,312,844</u></u>
<b>Capital and reserves</b>			
Called up share capital	23	200,000	200,000
Profit and loss account	22	4,025,096	4,112,844
		<u>4,225,096</u>	<u>4,312,844</u>

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

B J Gordon

Director

Date: 29/03/2017

The notes on pages 14 to 34 form part of these financial statements.

# Company Statement of Financial Position

As at 31 December 2016

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Intangible fixed assets	11	141,037	218,509
Tangible assets	12	9,573,787	10,405,002
Investments	13	1,098	1,098
		<u>9,715,922</u>	<u>10,624,609</u>
<b>Current assets</b>			
Stocks	14	2,075,470	2,132,469
Debtors: amounts falling due within one year	15	7,197,894	6,684,739
Cash at bank and in hand	16	9,451,762	3,153,704
		<u>18,725,126</u>	<u>11,970,912</u>
Creditors: amounts falling due within one year	17	(18,380,422)	(10,980,095)
<b>Net current assets</b>		<u>344,704</u>	<u>990,817</u>
<b>Total assets less current liabilities</b>		<u>10,060,626</u>	<u>11,615,426</u>
Creditors: amounts falling due after more than one year	18	(5,478,942)	(6,926,590)
<b>Provisions for liabilities</b>			
Deferred taxation		(35,765)	(83,838)
Other provisions	21	(320,784)	(292,154)
		<u>(356,549)</u>	<u>(375,992)</u>
<b>Net assets</b>		<u>4,225,135</u>	<u>4,312,844</u>
<b>Capital and reserves</b>			
Called up share capital	23	200,000	200,000
Profit and loss account	22	4,025,135	4,112,844
		<u>4,225,135</u>	<u>4,312,844</u>

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

**B J Gordon**  
Director

Date: 29/03/2017

The notes on pages 14 to 34 form part of these financial statements.

## Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2016

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2016	200,000	4,112,844	4,312,844
<b>Comprehensive income for the year</b>			
Profit for the year	-	1,912,252	1,912,252
<b>Total comprehensive income for the year</b>	-	1,912,252	1,912,252
Dividends: Equity capital	-	(2,000,000)	(2,000,000)
<b>At 31 December 2016</b>	<b>200,000</b>	<b>4,025,096</b>	<b>4,225,096</b>

## Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2015

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2015	200,000	3,915,118	4,115,118
<b>Comprehensive income for the year</b>			
Profit for the year	-	1,197,726	1,197,726
<b>Total comprehensive income for the year</b>	-	1,197,726	1,197,726
Dividends: Equity capital	-	(1,000,000)	(1,000,000)
<b>At 31 December 2015</b>	<b>200,000</b>	<b>4,112,844</b>	<b>4,312,844</b>

The notes on pages 14 to 34 form part of these financial statements.

## Company Statement of Changes in Equity

For the Year Ended 31 December 2016

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2016	200,000	4,112,844	4,312,844
<b>Comprehensive income for the year</b>			
Profit for the year	-	1,912,291	1,912,291
<b>Total comprehensive income for the year</b>	-	1,912,291	1,912,291
Dividends: Equity capital	-	(2,000,000)	(2,000,000)
<b>At 31 December 2016</b>	<b>200,000</b>	<b>4,025,135</b>	<b>4,225,135</b>

## Company Statement of Changes in Equity

For the Year Ended 31 December 2015

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2015	200,000	3,915,118	4,115,118
<b>Comprehensive income for the year</b>			
Profit for the year	-	1,197,726	1,197,726
<b>Total comprehensive income for the year</b>	-	1,197,726	1,197,726
Dividends: Equity capital	-	(1,000,000)	(1,000,000)
<b>At 31 December 2015</b>	<b>200,000</b>	<b>4,112,844</b>	<b>4,312,844</b>

The notes on pages 14 to 34 form part of these financial statements.

## Consolidated Statement of Cash Flows

For the Year Ended 31 December 2016

	2016 £	2015 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	1,912,252	1,197,726
<b>Adjustments for:</b>		
Amortisation of intangible assets	77,472	77,472
Depreciation of tangible assets	2,512,831	1,988,042
Profit on disposal of tangible assets	(27,131)	(200,448)
Decrease in stocks	56,999	119,731
Interest paid	268,541	282,913
Interest received	(8,641)	(9,094)
Taxation	515,874	344,246
Increase in debtors	(513,156)	(438,006)
Increase/ (decrease) in creditors	6,632,268	(6,705,033)
Increase in provisions	28,630	29,062
Taxation paid	(169,406)	(528,692)
<b>Net cash generated from operating activities</b>	<b>11,286,533</b>	<b>(3,842,081)</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(173,666)	(123,468)
Sale of tangible fixed assets	51,239	373,918
Interest received	8,641	9,094
<b>Net cash from investing activities</b>	<b>(113,786)</b>	<b>259,544</b>
<b>Cash flows from financing activities</b>		
Repayment of finance leases	(2,606,148)	(2,285,381)
Dividends paid	(2,000,000)	(1,000,000)
Interest paid	(268,541)	(282,913)
<b>Net cash used in financing activities</b>	<b>(4,874,689)</b>	<b>(3,568,294)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>6,298,058</b>	<b>(7,150,831)</b>
Cash and cash equivalents at beginning of year	3,153,704	10,304,535
<b>Cash and cash equivalents at the end of year</b>	<b>9,451,762</b>	<b>3,153,704</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	9,451,762	3,153,704



# Notes to the Financial Statements

For the Year Ended 31 December 2016

## 1. General information

The company is limited by shares and incorporated in Scotland. The registered office is Bear House, Inveralmond Road, Inveralmond Industrial Estate, Perth, PH1 3TW.

## 2. Accounting policies

### 2.1 Basis of preparation of financial statements

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

The financial statements are presented in Sterling (£).

The group financial statements consolidate the financial statements of BEAR Scotland Limited and its subsidiary undertaking drawn up to 31 December each year.

The parent company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own Statement of comprehensive income in those financial statements. The parent company's profit for the year was £1,912,291 (2015: £1,197,726).

### 2.2 Going concern

Trading forecasts and projections show that the group can continue to generate positive cash flows for the foreseeable future.

The group has adequate cash balances with no borrowing other than finance lease and hire purchase contracts. The group's main customer is Transport Scotland, a government agency, which is considered to be financially stable. As a consequence of these factors, the directors believe the group is well placed to manage its business risks successfully.

The directors have reasonable expectations that the group has adequate resources to continue operations for the foreseeable future, therefore they continue to adopt the going concern basis of accounting in preparing these financial statements.

### 2.3 Significant judgements and estimates

The preparation of financial statements in compliance with FRS 102 requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

#### Service provision under the O&M Works Agreement for the M80 Stepps to Hags DBFO Contract

The management have assessed the future increased anticipated level of activity required to be serviced through the contract and have deferred the income relating to this activity. This has been established from the experience of running similar contracts and taking account of the recent trading experienced in operation of the M80 Stepps to Hags DBFO Contract during the previous 5 years.

#### Service provision under the O&M Agreement for the A92 Dundee to Arbroath DBFO Contract

The company has estimated the potential claim that may arise from unavailability deductions due to flooding events that have occurred.

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 2. Accounting policies (continued)

#### Winter service provision for the term maintenance contracts

The company provides a winter maintenance service for the Scottish Trunk Road Contracts for a fixed sum. The directors assess the historical activity and experience to arrive at a reasonable allowance for the delivery of this service. An exceptional value is held to account for exceptional events that are anticipated to occur in the duration of the contracts as part of the lump sum provision.

#### Impairment of trade receivables

The directors have utilised their historical experience of recovery to apply the provision for impairment of trade receivables.

#### Demobilisation provision

The group has utilised its historical experience of demobilising Term Maintenance Contracts to ascertain the level of provision required for the eventual conclusion of the current Term Maintenance Contracts.

In all cases the judgements, estimates and associated assumptions necessary to calculate these provisions are based on historical experience and other reasonable factors.

### 2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes and is recognised as follows:

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the work based on pre-agreed rates.

(i) Roads maintenance and construction - Revenue is recognised based on the stage of completion of work based on pre-agreed rates.

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

### 2.5 Intangible assets

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of comprehensive income over its useful economic life.

Amortisation on goodwill is provided over 10 years.

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 2. Accounting policies (continued)

#### 2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold property	- 3 to 15 years
Plant & machinery	- 3 to 10 years
Motor vehicles	- 3 to 4 years
Fixtures & fittings	- 2 to 5 years

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.

#### 2.7 Assets under construction

Assets in the course of construction are valued at cost. These assets are not depreciated until they are brought into use.

#### 2.8 Investment in subsidiary

Investments in subsidiaries are measured at cost less accumulated impairment in the parent company's individual financial statements.

#### 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 weighted average basis. Work in progress and finished goods include labour and attributable overheads.

Work in progress represents costs incurred to date on contracts which are incomplete at the period end, less foreseeable losses.

#### 2.10 Debtors

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

# Notes to the Financial Statements

For the Year Ended 31 December 2016

## 2. Accounting policies (continued)

### 2.11 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.

### 2.12 Financial instruments

The group only 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 (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. 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. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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 Profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

### 2.13 Creditors

Short term creditors are measured at the transaction price.

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 2. Accounting policies (continued)

#### 2.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the group. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the group recognises annual rent expense equal to amounts owed to the lessor.

#### 2.15 Defined contribution pension plan

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

#### 2.16 Provisions for liabilities

Provisions are recognised when the group has a present obligation, either legal or constructive, as a result of a past event, it is probable that the outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be estimated reliably. The effect of the time value of money is not material and therefore the provisions are not discounted.

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 2. Accounting policies (continued)

#### 2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a change 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 balance sheet date.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet 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, associates, branches and joint ventures 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. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

## Notes to the Financial Statements

For the Year Ended 31 December 2016

**3. Turnover**

	2016	2015
	£	£
Highway maintenance	<u>81,136,542</u>	<u>73,726,340</u>

All turnover arose within the United Kingdom.

**4. Operating profit**

The operating profit is stated after charging:

	2016	2015
	£	£
Depreciation of tangible fixed assets - owned by the group	540,884	372,992
Depreciation of tangible fixed assets - held under finance leases	1,971,946	1,615,050
Amortisation of intangible assets, including goodwill	77,472	77,472
Auditor's remuneration	43,545	45,425
Auditor's other services relating to taxation	4,870	4,015
(Profit)/loss on disposal of fixed assets	(27,131)	(200,448)
Other operating lease costs	1,144,256	1,234,554
Defined contribution pension cost	<u>396,261</u>	<u>377,711</u>

**5. Employees**

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

	2016	2015
	£	£
Wages and salaries	16,670,462	15,824,703
Social security costs	1,520,277	1,373,145
Pension costs	396,261	377,711
	<u>18,587,000</u>	<u>17,575,559</u>

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

	2016	2015
	No.	No.
Administrative staff	235	195
Operational staff	302	334
	<u>537</u>	<u>529</u>

# Notes to the Financial Statements

For the Year Ended 31 December 2016

## 6. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	309,835	369,651
Directors pension costs	26,366	26,230
	<u>336,201</u>	<u>395,881</u>

During the year retirement benefits were accruing to 4 directors (2015 -4) in respect of defined contribution pension schemes.

## 7. Interest receivable

	2016 £	2015 £
Other interest receivable	8,641	9,094
	<u>8,641</u>	<u>9,094</u>

## 8. Interest payable and similar charges

	2016 £	2015 £
Bank interest payable	57,620	74,427
Finance leases and hire purchase contracts	210,921	208,486
	<u>268,541</u>	<u>282,913</u>



## Notes to the Financial Statements

For the Year Ended 31 December 2016

## 9. Taxation

	2016 £	2015 £
<b>Corporation tax</b>		
Current tax on profits for the year	563,947	167,896
Adjustments in respect of previous periods	-	(1,634)
<b>Total current tax</b>	<u>563,947</u>	<u>166,262</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(43,415)	167,886
Adjustments in respect of prior periods	-	759
Effect of tax rate change on opening balance	(4,658)	9,339
<b>Total deferred tax</b>	<u>(48,073)</u>	<u>177,984</u>
<b>Taxation on profit on ordinary activities</b>	<u>515,874</u>	<u>344,246</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2015 -higher than) the standard rate of corporation tax in the UK of 20% (2015 -20.25%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>2,428,165</u>	<u>1,541,972</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 -20.25%)	485,633	312,197
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	8,078	27,623
Non qualifying depreciation	19,178	17,328
Adjustments to tax charge in respect of prior periods	-	(1,287)
Rate change	2,985	(11,615)
<b>Total tax charge for the year</b>	<u>515,874</u>	<u>344,246</u>

# Notes to the Financial Statements

For the Year Ended 31 December 2016

## 10. Dividends

	2016 £	2015 £
Dividends paid	<u>2,000,000</u>	<u>1,000,000</u>

Dividends were paid to the company's three shareholders Eurovia UK Limited, Jacobs UK Limited and Breedon Facilities Management Limited at £750,000, £500,000 and £750,000 respectively.

## 11. Intangible assets

Group

	Goodwill £
<b>Cost</b>	
At 1 January 2016	774,812
At 31 December 2016	<u>774,812</u>
<b>Amortisation</b>	
At 1 January 2016	556,303
Charge for the year	77,472
At 31 December 2016	<u>633,775</u>
<b>Net book value</b>	
At 31 December 2016	<u>141,037</u>
At 31 December 2015	<u>218,509</u>

# Notes to the Financial Statements

For the Year Ended 31 December 2016

## 11. Intangible assets (continued)

Company

Goodwill  
£

### Cost

At 1 January 2016	774,812
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At 31 December 2016	<u>774,812</u>
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### Amortisation

At 1 January 2016	556,303
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Charge for the year	77,472
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At 31 December 2016	<u>633,775</u>
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### Net book value

At 31 December 2016	<u>141,037</u>
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At 31 December 2015	<u>218,509</u>
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## Notes to the Financial Statements

For the Year Ended 31 December 2016

**12. Tangible fixed assets****Group**

	L/Term Leasehold Property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Assets under constructio n £	Total £
<b>Cost or valuation</b>						
At 1 January 2016	1,139,744	19,370,428	34,827	2,228,960	1,430	22,775,389
Additions	5,454	1,485,100	-	77,374	137,796	1,705,724
Disposals	-	(370,065)	-	(244,089)	-	(614,154)
At 31 December 2016	1,145,198	20,485,463	34,827	2,062,245	139,226	23,866,959
<b>Depreciation</b>						
At 1 January 2016	598,709	9,724,535	34,827	2,012,316	-	12,370,387
Charge for the year	171,387	2,186,907	-	154,537	-	2,512,831
Disposals	-	(348,590)	-	(241,456)	-	(590,046)
At 31 December 2016	770,096	11,562,852	34,827	1,925,397	-	14,293,172
<b>Net book value</b>						
At 31 December 2016	375,102	8,922,611	-	136,848	139,226	9,573,787
At 31 December 2015	541,035	9,645,893	-	216,644	1,430	10,405,002

Included within the net book value of £9,573,787 is £8,120,336 (2015: £7,895,289) relating to assets held under hire purchase agreements or finance leases. The depreciation charged to the financial statements in the year in respect of such assets amounted to £1,971,946 (2015: £1,615,050).

## Notes to the Financial Statements

For the Year Ended 31 December 2016

## 12. Tangible fixed assets (continued)

Company

	L/Term Leasehold Property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Assets under constructio n £	Total £
<b>Cost or valuation</b>						
At 1 January 2016	1,139,744	19,370,428	34,827	2,228,960	1,430	22,775,389
Additions	5,454	1,485,100	-	77,374	137,796	1,705,724
Disposals	-	(370,065)	-	(244,089)	-	(614,154)
At 31 December 2016	<u>1,145,198</u>	<u>20,485,463</u>	<u>34,827</u>	<u>2,062,245</u>	<u>139,226</u>	<u>23,866,959</u>
<b>Depreciation</b>						
At 1 January 2016	598,709	9,724,535	34,827	2,012,316	-	12,370,387
Charge for the year	171,387	2,186,907	-	154,537	-	2,512,831
Disposals	-	(348,590)	-	(241,456)	-	(590,046)
At 31 December 2016	<u>770,096</u>	<u>11,562,852</u>	<u>34,827</u>	<u>1,925,397</u>	<u>-</u>	<u>14,293,172</u>
<b>Net book value</b>						
At 31 December 2016	<u>375,102</u>	<u>8,922,611</u>	<u>-</u>	<u>136,848</u>	<u>139,226</u>	<u>9,573,787</u>
At 31 December 2015	<u>541,035</u>	<u>9,645,893</u>	<u>-</u>	<u>216,644</u>	<u>1,430</u>	<u>10,405,002</u>

## Notes to the Financial Statements

For the Year Ended 31 December 2016

**13. Fixed asset investments**

Company

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 January 2016	340,781
At 31 December 2016	<u>340,781</u>
<b>Impairment</b>	
At 1 January 2016	339,683
At 31 December 2016	<u>339,683</u>
<b>Net book value</b>	
At 31 December 2016	<u>1,098</u>
At 31 December 2015	<u>1,098</u>

**Subsidiary undertakings**

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding
Growing Concern Scotland Limited	Ordinary shares	100%

The company traded during the financial year and is registered in Scotland.

**14. Stocks**

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Raw materials and consumables	2,075,470	2,132,469	2,075,470	2,132,469
	<u>2,075,470</u>	<u>2,132,469</u>	<u>2,075,470</u>	<u>2,132,469</u>

## Notes to the Financial Statements

For the Year Ended 31 December 2016

**15. Debtors**

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade debtors	6,269,425	5,150,761	6,269,425	5,150,761
Amounts owed by related parties	229,369	211,123	229,369	211,123
Other debtors	13,200	5,691	13,200	5,691
Prepayments and accrued income	685,900	1,317,164	685,900	1,317,164
	<u>7,197,894</u>	<u>6,684,739</u>	<u>7,197,894</u>	<u>6,684,739</u>

**16. Cash and cash equivalents**

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Cash at bank and in hand	9,451,762	3,153,704	9,451,762	3,153,704

**17. Creditors: Amounts falling due within one year**

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade creditors	4,155,110	2,038,412	4,155,110	2,038,412
Amounts owed to group undertakings	-	-	1,059	1,098
Amounts owed to related parties	6,183,708	1,010,273	6,183,708	1,010,273
Corporation tax	559,135	164,595	559,135	164,595
Taxation and social security	1,558,303	1,236,325	1,558,303	1,236,325
Obligations under finance lease and hire purchase contracts	2,795,689	2,425,653	2,795,689	2,425,653
Other creditors	736,814	481,003	736,814	481,003
Accruals and deferred income	2,390,604	3,622,736	2,390,604	3,622,736
	<u>18,379,363</u>	<u>10,978,997</u>	<u>18,380,422</u>	<u>10,980,095</u>

## Notes to the Financial Statements

For the Year Ended 31 December 2016

**18. Creditors: Amounts falling due after more than one year**

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Net obligations under finance leases and hire purchase contracts	4,025,510	5,469,636	4,025,510	5,469,636
Accruals and deferred income	1,453,432	1,456,954	1,453,432	1,456,954
	<u>5,478,942</u>	<u>6,926,590</u>	<u>5,478,942</u>	<u>6,926,590</u>

The amounts due under finance leases and hire purchase agreements are secured against the asset to which they relate.

**19. Financial instruments**

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
<b>Financial assets</b>				
Financial assets measured at amortised cost	6,512,033	5,367,575	6,512,033	5,367,575
	<u>6,512,033</u>	<u>5,367,575</u>	<u>6,512,033</u>	<u>5,367,575</u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	(10,713,124)	(10,414,704)	(10,714,222)	(10,415,802)
	<u>(10,713,124)</u>	<u>(10,414,704)</u>	<u>(10,714,222)</u>	<u>(10,415,802)</u>

**20. Deferred taxation**

## Group

	2016 £	2015 £
At beginning of year	(83,838)	94,146
Charged to profit or loss	48,073	(177,984)
<b>At end of year</b>	<u>(35,765)</u>	<u>(83,838)</u>



# Notes to the Financial Statements

For the Year Ended 31 December 2016

## 20. Deferred taxation (continued)

### Company

	2016 £	2015 £
At beginning of year	(83,838)	94,146
Charged to the profit or loss	48,073	(177,984)
<b>At end of year</b>	<b>(35,765)</b>	<b>(83,838)</b>

The provision for deferred taxation is made up as follows:

	Group and Company 2016 £	Group and Company 2015 £
Accelerated capital allowances	(45,381)	(90,759)
Short term timing differences	9,616	6,921
	<b>(35,765)</b>	<b>(83,838)</b>

## Notes to the Financial Statements

For the Year Ended 31 December 2016

**21 Provisions****Group**

	Contract provisions £	Other provisions £	Total £
At 1 January 2016	247,154	45,000	292,154
Charged to profit or loss	28,630	-	28,630
<b>At 31 December 2016</b>	<b>275,784</b>	<b>45,000</b>	<b>320,784</b>

**Company**

	Contract provisions £	Other provisions £	Total £
At 1 January 2016	247,154	45,000	292,154
Charged to profit or loss	28,630	-	28,630
<b>At 31 December 2016</b>	<b>275,784</b>	<b>45,000</b>	<b>320,784</b>

**Contract provisions**

The directors took the decision to provide for de-mobilisation costs in relation to long term contracts. Contract provisions relate to provisions on contracts, including the costs of de-mobilising staff and machinery at the termination dates of contracts. The group estimates this liability to be £275,784 (2015: £247,154) at 31 December 2016 based on past experience and have provided this sum accordingly. This provision is expected to be utilised at the cessation of the contracts to which they relate.

**Other provisions**

Other provisions relate to penalties which are expected to be settled within the foreseeable future.

**22. Reserves****Profit and loss account**

The profit and loss account includes all current and prior period retained profits and losses.

**Called up share capital**

This represents the nominal value of shares that have been issued.

# Notes to the Financial Statements

For the Year Ended 31 December 2016

## 23. Share capital

	2016 £	2015 £
<b>Shares classified as equity</b>		
<b>Authorised, allotted, called up and fully paid</b>		
75,000 'A' Ordinary shares of £1 each	75,000	75,000
75,000 'B' Ordinary shares of £1 each	75,000	75,000
50,000 'C' Ordinary shares of £1 each	50,000	50,000
	<u>200,000</u>	<u>200,000</u>

All shares rank pari passu except as regards the appointment of directors and quorum at a general meeting as follows:

### Appointment of Directors

The holders of the majority of each class of shares shall be entitled to appoint, remove and reappoint as necessary, two persons as directors of the company such that there shall be six voting directors in all. Additional non-voting directors may be appointed by agreement of all classes of shareholders.

### Quorum

A quorum at general meetings shall consist of a member or members not holding less than half the nominal value of each class of share.

## 24. Capital commitments

At 31 December 2016 the Group had capital commitments of £243,875 (2015 - £1,627,400).

At 31 December 2016 the Company had capital commitments of £243,875 (2015 - £1,627,400).

## 25. Pension commitments

The company operates a defined contribution pension scheme. The pension cost for the year represents contributions payable by the company to the fund and amounted to £396,261 (2015 - £377,711).

Contributions amounting to £80,049 (2015 - £79,205) were payable to the scheme at the year end and are included in creditors.

# Notes to the Financial Statements

For the Year Ended 31 December 2016

## 26. Related party transactions

The company's share capital is held as follows:

	2016 £	2015 £
Eurovia UK Limited	75,000	75,000
Jacobs UK Limited	50,000	50,000
Breedon Facilities Management Limited	75,000	75,000
	<u>200,000</u>	<u>200,000</u>

These companies are incorporated in the United Kingdom and represent shareholder-related parties as defined by FRS 102.

Breedon Facilities Management Limited is controlled by Breedon Northern Limited (formerly Breedon Aggregates Scotland Limited). Both companies are controlled by Breedon Group plc (formerly Breedon Aggregates Limited). Eurovia UK Limited (formerly Eurovia Group Limited) is controlled by Vinci SA.

Included in the Statement of comprehensive income and Balance sheet are the following transactions and year end balances with these related parties. All transactions were undertaken on normal trading terms.

Also shown separately below is the sales and year end balances with Ringway Jacobs Limited. Ringway Jacobs is a joint venture of Eurovia UK Limited and Jacobs UK Limited.

### **Breedon Group plc and its subsidiary undertakings**

Sales of £9,685 (2015: £94,729) and purchases of £22,372,367 (2015: £21,268,298) have been recognised in the financial statements. At the year end the group were owed £94,466 (2015: £1,903) by the related party and had a liability of £4,011,078 (2015: £744,244) with them.

### **Eurovia UK Limited and its associate undertakings**

Sales of £957,185 (2015: £784,580) and purchases of £293,500 (2015: £2,567,169) have been recognised in the financial statements. At the year end the group were owed £356,628 (2015: £197,762) by the related party and had a liability of £412 (2015: £54,299) with them.

### **Jacobs UK Limited**

Sales of £25,968 (2015: £21) and purchases of £1,966,932 (2015: £1,966,619) have been recognised in the financial statements. At the year end the group were owed £14,180 (2015: £11,458) by the related party and had a liability of £179,011 (2015: £211,730) with them.

### **Ringway Jacobs Limited**

Sales of £24,141 (2015: £29,040) and purchases of £nil (2015: £85,699) have been recognised in the financial statements. At the year end the group were owed £13,824 (2015: £nil) by the related party and had a liability of £nil (2015: £nil) with them.

Directors have that key management personnel include directors only. Refer to note 5 for details of remuneration paid.

# Notes to the Financial Statements

For the Year Ended 31 December 2016

## 27. Leasing commitments

The group and company's future minimum operating lease payments are as follows:

	2016 £	2015 £
Within one year	1,038,920	1,145,536
Between two and five years	1,817,185	2,206,650
After more than five years	335,470	548,241
	<u>3,191,575</u>	<u>3,900,427</u>

The group and company's future minimum finance lease payments are as follows:

	2016 £	2015 £
Within one year	2,795,659	2,425,654
Between two and five years	4,025,510	5,469,636
After more than five years	-	-
	<u>6,821,169</u>	<u>7,895,290</u>

The amounts due under finance leases and hire purchase agreements are secured against the asset to which they relate.