

Lambert Contracts Holdings Limited

Report and Financial Statements

Year Ended

30 April 2016

Company Number SC447892



Lambert Contracts Holdings Limited

Company Information

DIRECTORS

Gary Clark
Alexander Henry Fraser
Derek Marchant
William McCall
Michael C Collis
Euan Bennett

REGISTERED NUMBER

SC447892

REGISTERED OFFICE

108-110 Hawkhead Road
Paisley
PA2 7BA

INDEPENDENT AUDITORS

BDO LLP
4 Atlantic Quay
70 York Street
Glasgow
G2 8JX

Lambert Contracts Holdings Limited

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Lambert Contracts Holdings Limited

Group Strategic Report For the Year Ended 30 April 2016

Introduction

The directors present their strategic report for the company and the group for the year ended 30 April 2016.

Business review

The Group continues to trade as insurance re-instatement specialists, as an all trades reactive and emergency response provider and as a provider of fire protection and detection maintenance.

The majority of the shares continue to be held by various investment funds managed by Maven Capital Partners, following their investment in the Company in 2013.

During the year, Greg Chalmers retired as Managing Director and Gary Clark took over the position of Managing Director, having previously been Operations Director, with two new directors also joining the Board. The new team has embarked on a process of evolving and developing the business within existing and complimentary markets. During the year, the Group supplemented its main service hub in Paisley with a new office in Aberdeen and also established a new division to cater for warranty and remedial work on new-build domestic property.

The results of the Group show a loss on ordinary activities before tax of £714k (2014/15: £584k). This figure is after deducting a figure of £400k relating to the amortisation of goodwill on acquisition and also after a figure of £363k being interest payable and similar charges on loans incurred as part of the 2013 acquisition involving Maven Capital Partners.

Trading turnover from the Group's only subsidiary increased by around 19% as the company benefitted from increased trade in the insurance re-instatement division following the extensive flooding in North-East Scotland and Cumbria. This work commenced during the current year, with planned completion in the middle of the financial year to April 2017. Gross Profit improved from 26% to 29% in the same period; this was accompanied by a planned increase in overheads arising from the development of the new divisions mentioned above as well as from some one-off costs of re-engineering the company's structure.

The Group believes that its employees are key to its success and have again played an important role in ensuring that customers have received excellent service throughout the period.

Principal risks and uncertainties

The process of risk acceptance and risk management is addressed through a framework of policies and internal controls.

Financial key performance indicators

The Group's key financial and other performance indicators during the period were turnover and gross profit as well as various derived Key Performance Indicators such as quantity and value of new instructions, conversion rates and WIP turnover.

Other key performance indicators

The main risks of the Group are customer retention, Health/Safety-related risks and cost control. The Directors manage customer retention by ensuring that umbrella agreements are signed for customers, Health/Safety through a dedicated programme of training and support co-ordinated by their in-house team, and cost control through rigorous planning and monitoring procedures.

Lambert Contracts Holdings Limited

Strategic report (continued)

FINANCIAL INSTRUMENTS

The Group continues to operate an overdraft facility with Bank of Scotland plc, which was renewed during the year. Maven Capital Partners LLP, as Security Trustees of Loan Notes issued by the Company's parent undertaking, continues to hold a bond and floating charge over the assets of the Company. During the year, the Company also received additional loan finance from Maven which was used to develop the business and finance the Company's comprehensive response to the invitations of work on the areas of the country hit by the floods during winter 2015.

The Group operates strong credit control procedures and sees the needs to minimise financial risk at all stages as a priority.

The Group meets its day-to-day working capital requirements through active management of the Work in Progress and Debtors balances.


There are no other material exposures of the Group relating to prices risk, credit risk, liquidity risk and cash flow risk which are material for the assessment of the assets, liabilities, financial position and profit of the group.

This report was approved by the board on

23.01.17

and signed on its behalf.

G Clark
Director



Lambert Contracts Holdings Limited

Directors' Report For the Year Ended 30 April 2016

The directors present their report and the financial statements for the year ended 30 April 2016.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 AND DIVIDENDS

The loss for the year, after taxation, amounted to £682,148 (2015 - loss £562,144).

No dividends will be distributed for the year ended 30 April 2016.

DIRECTORS

The directors who served during the year were:

Gary Clark
Alexander Henry Fraser (appointed 4 August 2015)
Derek Marchant
William McCall
Greg Chalmers (resigned 30 June 2016)
Richard Elliot (resigned 3 May 2016)

On 3 May 2016 Michael C Collis was appointed as a director. On 9 August 2016 Euan Bennett was appointed as a director.

FUTURE DEVELOPMENTS

The new team has embarked on a process of evolving and developing the business within existing and complimentary markets.

Lambert Contracts Holdings Limited

Directors' Report For the Year Ended 30 April 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 that director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

POST BALANCE SHEET EVENTS

On 16 May 2016 the subsidiary company undertook a sale and lease back of motor vehicles with a finance house. Assets with a net book value of £196,426 were disposed of for net proceeds of £263,941.

This report was approved by the board on

23.01.67

and signed on its behalf.



Gary Clark
Director

Lambert Contracts Holdings Limited

Independent Auditor's report to the members of Lambert Contracts Holdings Limited

We have audited the financial statements of Lambert Contracts Holdings Limited for the year ended 30 April 2016 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 auditors

As explained more fully in the statement of directors' responsibilities, 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 Financial Reporting Council's (FRC'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 FRC's website at 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 of the parent company's affairs as at 30 April 2016 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Lambert Contracts Holdings Limited

Independent Auditor's report to the members of Lambert Contracts Holdings Limited

Matters on which we are required to report by exception

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

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

BDO LLP

Mark McCluskey (Senior statutory auditor)
for and on behalf of BDO LLP, Statutory auditor
Glasgow
United Kingdom

25 January 2017

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

Lambert Contracts Holdings Limited

Consolidated Statement of Comprehensive Income For the Year Ended 30 April 2016

	Note	2016 £	2015 £
Turnover		11,062,110	9,297,368
Cost of sales		(7,867,288)	(7,074,411)
Gross profit		3,194,822	2,222,957
Administrative expenses		(3,569,132)	(2,479,845)
Other operating income		42,123	42,174
Operating loss		(332,187)	(214,714)
Interest receivable and similar income	9	59	578
Interest payable and expenses	10	(381,967)	(370,149)
Loss before taxation		(714,095)	(584,285)
Tax on loss	11	31,947	22,141
Loss for the year		(682,148)	(562,144)
Total comprehensive income for the year		(682,148)	(562,144)
Owners of the parent Company		(682,148)	(562,144)
Owners of the parent Company		(682,148)	(562,144)

Lambert Contracts Holdings Limited

Registered number: SC447892

Consolidated Balance Sheet As at 30 April 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	12	2,830,940	3,235,019
Tangible assets	14	384,912	282,579
		<u>3,215,852</u>	<u>3,517,598</u>
Current assets			
Stocks	16	5,247	4,948
Debtors: amounts falling due within one year	17	3,650,596	2,440,861
Cash at bank and in hand	18	211,868	25,860
		<u>3,867,711</u>	<u>2,471,669</u>
Creditors: amounts falling due within one year	19	(3,344,433)	(1,603,995)
Net current assets		<u>523,278</u>	<u>867,674</u>
Total assets less current liabilities		<u>3,739,130</u>	<u>4,385,272</u>
Creditors: amounts falling due after more than one year	20	(2,702,059)	(2,667,525)
Provisions for liabilities			
Deferred taxation		-	(6,309)
Other provisions	25	(36,299)	(36,299)
		<u>(36,299)</u>	<u>(42,608)</u>
Net assets		<u><u>1,000,772</u></u>	<u><u>1,675,139</u></u>

Lambert Contracts Holdings Limited

Registered number: SC447892

Consolidated Balance Sheet (continued) As at 30 April 2016

	Note	2016 £	2015 £
Capital and reserves			
Called up share capital	26	34,282	24,528
Share premium account		2,586,072	2,586,072
Profit and loss account		(1,619,582)	(935,461)
Equity attributable to owners of the parent Company		<u>1,000,772</u>	<u>1,675,139</u>
		<u>1,000,772</u>	<u>1,675,139</u>

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

23.01.17



Gary Clark
Director

The notes on pages 17 to 39 form part of these financial statements.

Lambert Contracts Holdings Limited

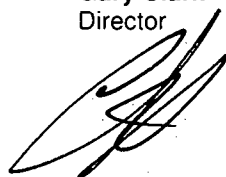
Registered number: SC447892

Company Balance Sheet As at 30 April 2016

	Note	2016 £	2015 £
Fixed assets			
Investments	15	4,200,000	6,517,333
		<u>4,200,000</u>	<u>6,517,333</u>
Current assets			
Debtors: amounts falling due within one year	17	28,711	38,231
		<u>28,711</u>	<u>38,231</u>
Creditors: amounts falling due within one year	19	(1,829,034)	(1,357,403)
Net current liabilities		<u>(1,800,323)</u>	<u>(1,319,172)</u>
Total assets less current liabilities		<u>2,399,677</u>	<u>5,198,161</u>
Creditors: amounts falling due after more than one year	20	(2,647,278)	(2,617,640)
Provisions for liabilities			
Other provisions	25	(36,299)	(36,299)
		<u>(36,299)</u>	<u>(36,299)</u>
Net assets		<u>(283,900)</u>	<u>2,544,222</u>
Capital and reserves			
Called up share capital	26	34,282	24,528
Share premium account		2,586,072	2,586,072
Profit and loss account		(2,904,254)	(66,378)
		<u>(283,900)</u>	<u>2,544,222</u>

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

Gary Clark
Director



23.01.17

Lambert Contracts Holdings Limited

Consolidated Statement of Changes in Equity As at 30 April 2016

	Share capital £	Share premium £	Retained earnings £	Total equity £
At 1 May 2015	24,528	2,586,072	(935,461)	1,675,139
Comprehensive income for the year				
Loss for the year	-	-	(682,148)	(682,148)
Total comprehensive income for the year	-	-	(682,148)	(682,148)
Contributions by and distributions to owners				
Shares issued during the year	9,754	-	-	9,754
Employee share scheme	-	-	(1,973)	(1,973)
Total transactions with owners	9,754	-	(1,973)	7,781
At 30 April 2016	34,282	2,586,072	(1,619,582)	1,000,772

Lambert Contracts Holdings Limited

Consolidated Statement of Changes in Equity As at 30 April 2015

	Share capital £	Share premium £	Retained earnings £	Total equity £
At 1 May 2014	24,528	2,586,072	(373,317)	2,237,283
Comprehensive income for the year				
Loss for the year	-	-	(562,144)	(562,144)
Total comprehensive income for the year	-	-	(562,144)	(562,144)
Total transactions with owners	-	-	-	-
At 30 April 2015	24,528	2,586,072	(935,461)	1,675,139

The notes on pages 17 to 39 form part of these financial statements.

Lambert Contracts Holdings Limited

Company Statement of Changes in Equity As at 30 April 2016

	Share capital £	Share premium £	Retained earnings £	Total equity £
At 1 May 2015	24,528	2,586,072	(66,378)	2,544,222
Comprehensive income for the year				
Loss for the year	-	-	(2,828,122)	(2,828,122)
Total comprehensive income for the year	-	-	(2,828,122)	(2,828,122)
Shares issued during the year	9,754	-	-	9,754
Shares issued during period (see note 26)	-	-	(9,754)	(9,754)
Total transactions with owners	9,754	-	(9,754)	-
At 30 April 2016	34,282	2,586,072	(2,904,254)	(283,900)

Lambert Contracts Holdings Limited

Company Statement of Changes in Equity As at 30 April 2015

	Share capital £	Share premium £	Retained earnings £	Total equity £
At 1 May 2014	24,528	2,586,072	388,403	2,999,003
Comprehensive income for the year				
Loss for the year	-	-	(454,781)	(454,781)
Total comprehensive income for the year	-	-	(454,781)	(454,781)
Total transactions with owners	-	-	-	-
At 30 April 2015	24,528	2,586,072	(66,378)	2,544,222

The notes on pages 17 to 39 form part of these financial statements.

Larnbert Contracts Holdings Limited

Consolidated Statement of Cash Flows For the Year Ended 30 April 2016

	2016 £	2015 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial year	(682,148)	(562,144)
ADJUSTMENTS FOR:		
Amortisation of intangible assets	404,079	404,080
Depreciation of tangible assets	114,630	91,051
Loss on disposal of tangible assets	328	11,083
Increase in stocks	(299)	(2,933)
Interest paid	381,967	370,148
Interest received	(59)	(578)
Taxation charge	(31,947)	(22,141)
Increase in debtors	(1,184,097)	95,969
Increase in creditors	1,110,705	(592,140)
Corporation tax paid	-	(41,272)
Share scheme charge	7,781	-
Net cash generated from operating activities	120,940	(248,877)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible fixed assets	-	(23,846)
Purchase of tangible fixed assets	(119,661)	(142,444)
Sale of tangible fixed assets	9,601	23,887
Interest received	59	578
HP interest paid	(7,260)	(4,934)
Net cash from investing activities	(117,261)	(146,759)

Lambert Contracts Holdings Limited

CASH FLOWS FROM FINANCING ACTIVITIES

Other new loans	400,000	-
Repayment of/new finance leases	(80,002)	35,830
Interest paid	(345,069)	(351,094)
Net cash used in financing activities	(25,071)	(315,264)
Cash and cash equivalents at beginning of year	(186,178)	524,722
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	(207,570)	(186,178)

CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:

Cash at bank and in hand	211,868	25,860
Bank overdrafts	(419,438)	(212,038)
	(207,570)	(186,178)

Lambert Contracts Holdings Limited

Notes to the Financial Statements For the Year Ended 30 April 2016

1. Accounting policies

1.1 Basis of preparation of financial statements

Lambert Contracts Holdings Limited is a company incorporated in Scotland under the Companies Act. The address of the registered office is given on the contents page and the nature of the group's operations and activities are set out in the strategic report.

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.

Information on the impact of first-time adoption of FRS 102 is given in note 31.

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 judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 Basis of consolidation

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

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 May 2014.

1.3 Going concern

Following review of detailed cash flow forecasts and trading projections the directors have a reasonable expectation that the company will continue as a going concern for a period of at least 12 months from the date of signing of these financial statements. The company therefore continues to adopt the going concern policy in preparing the financial statements.

Lambert Contracts Holdings Limited

Notes to the Financial Statements For the Year Ended 30 April 2016

1. Accounting policies (continued)

1.4 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 value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

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 contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably

1.5 Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share 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 of 10 years.

1.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

Lambert Contracts Holdings Limited

Notes to the Financial Statements For the Year Ended 30 April 2016

1. Accounting policies (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following bases:

Plant and machinery	-	33% on reducing balance
Motor vehicles	-	25% on reducing balance
Fixtures and fittings	-	15% on reducing balance
Computer equipment	-	33% on reducing balance and 25% on cost
Improvements to property	-	25% on reducing balance

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.

1.7 Operating leases: Lessee

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

1.8 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.

1.9 Stocks

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

1.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.11 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.

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 Company's cash management.

Lambert Contracts Holdings Limited

Notes to the Financial Statements For the Year Ended 30 April 2016

1. Accounting policies (continued)

1.12 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 outright 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 Statement of Comprehensive Income..

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 Group 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.

1.13 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.

Lambert Contracts Holdings Limited

Notes to the Financial Statements For the Year Ended 30 April 2016

1. Accounting policies (continued)

1.14 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

1.15 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.16 Hire Purchase

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the Statement of Comprehensive Income over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

1.17 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 payments obligations.

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

1.18 Holiday pay accrual

Where material a liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

Lambert Contracts Holdings Limited

Notes to the Financial Statements For the Year Ended 30 April 2016

1. Accounting policies (continued)

1.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit or loss for the year, 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 in the countries where the Company and the Group operate and generate income.

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 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 income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.20 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, and where it is possible that an outflow will be required to settle the obligation and the amount can be reliably estimated.

1.21 Employee Share Scheme

The company operates an employee share scheme which is treated in a similar manner to an equity-settled share based remuneration scheme. The charge, which is immaterial, is spread across the deemed vesting period.

Lambert Contracts Holdings Limited

Notes to the Financial Statements For the Year Ended 30 April 2016

2. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The useful economic lives of the fixed assets and the depreciation rates applied.

Whether there are indicators of impairment of tangible assets, intangible assets, investments and goodwill on consolidation. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Whether any bad debt provision is required via review of trade debtors, with debts provided for on a specific basis. Factors considered include customer payment history and agreed payment terms.

Whether leases entered into by the group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

The amount of profit to be recognised on individual contracts. Factors considered will include stage of completion and forecast outturn.

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

3. Analysis of turnover

In the opinion of the directors, it would be seriously prejudicial to the Group's interests to disclose different classes of turnover.

All turnover arose within the United Kingdom.

4. Other operating income

	2016 £	2015 £
Grant income	42,123	42,174
	<u>42,123</u>	<u>42,174</u>

Lambert Contracts Holdings Limited

Notes to the Financial Statements For the Year Ended 30 April 2016

5. Operating loss

The operating loss is stated after charging:

	2016 £	2015 £
Operating lease expenses	66,192	51,019
Depreciation of tangible fixed assets	54,855	42,582
Depreciation of fixed assets held on hire purchase	59,775	48,469
Amortisation of intangible assets, including goodwill	404,079	404,080
	<u>404,079</u>	<u>404,080</u>

6. Auditors' remuneration

	2016 £	2015 £
Fees payable to the Group's auditor for the audit of the Group's annual accounts	12,995	16,400
Fees payable to the Group's auditor for other services	3,405	-
	<u>16,400</u>	<u>16,400</u>

7. Employees

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

	2016 £	2015 £
Wages and salaries	3,344,806	2,926,099
Social security costs	319,116	292,208
Cost of defined contribution scheme	26,530	2,924
	<u>3,690,452</u>	<u>3,221,231</u>

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

	2016 No.	2015 No.
Administration and labour	115	103

Lambert Contracts Holdings Limited

Notes to the Financial Statements For the Year Ended 30 April 2016

8. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	417,975	457,758
Directors pension costs	3,777	1,500
	<u>421,752</u>	<u>459,258</u>

During the year retirement benefits were accruing to 3 directors (2015 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £148,837 (2015 - £161,016).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2015 - £1,231).

Employers' social security costs of £49,945 (2015: £49,365) have been incurred on the above directors' emoluments. These amounts are disclosed, along with the above emolument information, to comply with key management personnel disclosures.

An Employee Share Scheme charge of £7,781 was expensed in the period and relates to certain directors.

9. Interest receivable

	2016 £	2015 £
Other interest receivable	59	578
	<u>59</u>	<u>578</u>

10. Interest payable and similar charges

	2016 £	2015 £
Bank interest payable	4,606	96
Loan note interest	332,482	319,181
Loan note redemption premium	15,518	-
Arrangement fee	14,120	14,120
Other interest payable	-	30,246
Finance leases and hire purchase contracts	7,260	4,934
Credit charges	7,981	1,572
	<u>381,967</u>	<u>370,149</u>

Lambert Contracts Holdings Limited

Notes to the Financial Statements For the Year Ended 30 April 2016

11. Taxation

	2016 £	2015 £
Corporation tax		
Adjustments in respect of previous periods	-	707
	<u>-</u>	<u>707</u>
Total current tax	<u>-</u>	<u>707</u>
Deferred tax		
Origination and reversal of timing differences	(19,329)	(22,848)
Adjustment in respect of prior period	(12,618)	-
Total deferred tax	<u>(31,947)</u>	<u>(22,848)</u>
Taxation on loss on ordinary activities	<u>(31,947)</u>	<u>(22,141)</u>

Lambert Contracts Holdings Limited

Notes to the Financial Statements For the Year Ended 30 April 2016

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 20% (2015 - 20.729%). The differences are explained below:

	2016 £	2015 £
Loss on ordinary activities before tax	(714,095)	(584,285)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.729%)	(142,819)	(121,116)
Effects of:		
Expenses not deductible for tax purposes	92,850	90,258
Adjustments to tax charge in respect of prior periods	(12,618)	707
Unrelieved tax losses carried forward	25,186	9,032
Other differences leading to an increase (decrease) in the tax charge	5,454	(1,022)
Total tax charge for the year	(31,947)	(22,141)

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

Lambert Contracts Holdings Limited

Notes to the Financial Statements For the Year Ended 30 April 2016

12. Intangible assets

Group

	Goodwill £
Cost	
At 1 May 2015	4,040,794
At 30 April 2016	4,040,794
Amortisation	
At 1 May 2015	805,775
Charge for the year	404,079
At 30 April 2016	1,209,854
Net book value	
At 30 April 2016	2,830,940
At 30 April 2015	3,235,019

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 pre-impairment loss of the parent company for the year was £510,789. The loss after tax was £2,828,122 (2015 - loss £454,781).

Lambert Contracts Holdings Limited

Notes to the Financial Statements For the Year Ended 30 April 2016

14. Tangible fixed assets

Group	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Other fixed assets £	Total £
Cost or valuation						
At 1 May 2015	30,180	671,159	15,369	135,053	9,813	861,574
Additions	22,251	116,598	5,909	19,730	62,404	226,892
Disposals	-	(71,999)	-	-	-	(71,999)
At 30 April 2016	52,431	715,758	21,278	154,783	72,217	1,016,467
Depreciation						
At 1 May 2015	26,735	453,693	14,194	75,297	9,076	578,995
Charge for year	7,550	81,830	1,057	19,449	4,744	114,630
Disposals	-	(62,070)	-	-	-	(62,070)
At 30 April 2016	34,285	473,453	15,251	94,746	13,820	631,555
Net book value						
At 30 April 2016	18,146	242,305	6,027	60,037	58,397	384,912
At 30 April 2015	3,445	217,466	1,175	59,756	737	282,579

Lambert Contracts Holdings Limited

Notes to the Financial Statements For the Year Ended 30 April 2016

14. Tangible fixed assets (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2016 £	2015 £
Motor vehicles	156,201	116,135
	<u>156,201</u>	<u>116,135</u>

Lambert Contracts Holdings Limited

Notes to the Financial Statements For the Year Ended 30 April 2016

15. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Lambert Contracts Limited	Scotland	Ordinary shares	100 %	Insurance reinstatement specialists

The aggregate of the share capital and reserves as at 30 April 2016 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
Lambert Contracts Limited	2,672,809	230,336

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 May 2015	6,517,333
At 30 April 2016	6,517,333
Impairment	
Charge for the period	2,317,333
At 30 April 2016	2,317,333
Net book value	
At 30 April 2016	4,200,000
At 30 April 2015	6,517,333

Lambert Contracts Holdings Limited

Notes to the Financial Statements For the Year Ended 30 April 2016

16. Stocks

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Raw materials and consumables	5,247	4,948	-	-
	<u>5,247</u>	<u>4,948</u>	<u>-</u>	<u>-</u>

17. Debtors

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade debtors	1,664,406	1,134,527	-	-
Other debtors	32,778	10,223	-	-
Prepayments and accrued income	68,197	58,142	28,711	38,231
Amounts recoverable on long term contracts	1,859,577	1,237,969	-	-
Deferred taxation	25,638	-	-	-
	<u>3,650,596</u>	<u>2,440,861</u>	<u>28,711</u>	<u>38,231</u>

18. Cash and cash equivalents

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Cash at bank and in hand	211,868	25,860	-	-
Less: bank overdrafts	(419,438)	(212,038)	-	-
	<u>(207,570)</u>	<u>(186,178)</u>	<u>-</u>	<u>-</u>

Lambert Contracts Holdings Limited

Notes to the Financial Statements For the Year Ended 30 April 2016

19. Creditors: Amounts falling due within one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Bank overdrafts	419,438	212,038	-	-
Variable rate secured loan notes	400,000	-	400,000	-
Trade creditors	1,043,134	571,855	-	-
Amounts owed to group undertakings	-	-	1,384,645	1,325,000
Taxation and social security	427,909	313,918	-	-
Obligations under finance lease and hire purchase contracts	75,833	53,499	-	-
Other creditors	95,862	16,906	-	-
Accruals and deferred income	882,257	435,779	44,389	32,403
	3,344,433	1,603,995	1,829,034	1,357,403

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

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Fixed rate secured loan notes	2,647,278	2,617,640	2,647,278	2,617,640
Net obligations under finance leases and hire purchase contracts	54,781	49,885	-	-
	2,702,059	2,667,525	2,647,278	2,617,640

Secured Debt

Obligations under hire purchase contracts are secured over the assets to which they relate.

The Bank of Scotland holds a first ranking bond and floating charge over the assets of the group.

Maven Capital Partners UK LLP, as Security Trustees for the holders of Loan Notes issued by Lambert Contracts Holdings Limited, hold a bond and floating charge, granted by the company, over all of its assets. This is a second ranking security, postponed only to the Bank of Scotland security.

Lambert Contracts Holdings Limited

Notes to the Financial Statements For the Year Ended 30 April 2016

21. Loans

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Amounts falling due within one year				
Variable rate secured loan notes	400,000	-	400,000	-
Amounts falling due in between two and five years				
Fixed rate secured loan notes	2,647,278	1,730,974	2,647,278	1,730,974
	<u>2,647,278</u>	<u>1,730,974</u>	<u>2,647,278</u>	<u>1,730,974</u>
Amounts falling due in greater than five years				
Fixed rate secured loan notes	-	886,666	-	886,666
	<u>-</u>	<u>886,666</u>	<u>-</u>	<u>886,666</u>

Fixed Rate Secured Loan Notes were issued at 18 June 2013 to the value of £2,660,000. The redemption of the Loan Notes is due to commence 5 years and 1 days after the date of issue, 19 June 2018. The Loan Notes can be redeemed over 3 years, in equal quarterly instalments, commencing on 30 June 2018, with the Loan Notes being fully redeemed on 31 March 2021.

A redemption premium is payable on the Loan Notes under certain circumstances, as outlined in note 25.

Interest will be charged at 12% per annum from the date of issue, 18 June 2013, until the final redemption date and is payable quarterly in installments.

Incremental costs of £70,600 which were directly attributable to the issue of the Loan Notes was deducted from the proceeds in 2014. These costs will be released on a level basis commencing at the balance sheet date and on each of the successive balance sheet dates until 30 April 2018, this being the earliest foreseen date that redemption of the Loan Notes would take place.

22. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Within one year	75,833	53,498	-	-
Between 2-5 years	54,781	49,885	-	-
	<u>130,614</u>	<u>103,383</u>	<u>-</u>	<u>-</u>

Lambert Contracts Holdings Limited

Notes to the Financial Statements For the Year Ended 30 April 2016

23. Financial instruments

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	3,556,761	2,382,719	-	-
Cash	211,868	25,860	-	-
Financial assets measured at cost less impairment	-	-	4,200,000	4,200,000
	<u>3,768,629</u>	<u>2,408,579</u>	<u>4,200,000</u>	<u>4,200,000</u>
Financial Liabilities				
Financial liabilities measured at amortised cost	(5,282,067)	(3,957,622)	(4,476,312)	(3,975,043)
	<u>(5,282,067)</u>	<u>(3,957,622)</u>	<u>(4,476,312)</u>	<u>(3,975,043)</u>

Financial assets measured at amortised cost comprise of trade debtors, other debtors and amounts recoverable on long term contracts

Financial Liabilities measured at amortised cost comprise of bank overdraft, fixed and variable rate loan notes, trade creditors, obligation under finance leases and hire purchase contracts, other creditors and accruals.

24. Deferred taxation

Group

	Deferred tax £
At 1 May 2015	(6,309)
Charged to the profit or loss	31,947
At 30 April 2016	<u>25,638</u>

The deferred taxation balance is made up as follows:

	Group 2016 £	Group 2015 £
Accelerated capital allowances	25,638	(6,309)
	<u>25,638</u>	<u>(6,309)</u>

Lambert Contracts Holdings Limited

Notes to the Financial Statements For the Year Ended 30 April 2016

25. Provisions

Group

	Redemption premium £
At 1 May 2015	36,299
At 30 April 2016	<u>36,299</u>

Company

	Redemption premium £	Total £
At 1 May 2015	36,299	36,299
At 30 April 2016	<u>36,299</u>	<u>36,299</u>

The rate of the redemption premium is dependent on the date that redemption occurs.

A provision for the anticipated premium payable is being provided for on a level basis commencing at the balance sheet date and on each of the succeeding annual balance sheet dates until 30 April 2018, this being the earliest foreseen date that redemption would take place.

Lambert Contracts Holdings Limited

Notes to the Financial Statements For the Year Ended 30 April 2016

26. Share capital

	2016 £	2015 £
Allotted, called up and fully paid		
2,072,728 A Ordinary shares of £0.01 each	20,727	20,727
3,800,000 B Ordinary shares of £0.001 each	3,800	3,800
760,000 C Ordinary shares of £0.000001315 each	1	1
975,400 D Ordinary shares of £0.01 each	9,754	-
	<u>34,282</u>	<u>24,528</u>

During the year 975,400 D ordinary shares of £0.01 each were issued in relation to the Employee Share Scheme. The corresponding debit is to retained earnings.

The A ordinary shares were allotted and issued as a share for share exchange in 2013 as part of the consideration for the acquisition of Lambert Contracts Limited.

Both the A ordinary shares and B ordinary shares are equity shares and the respective rights are set out in the Articles of Association.

The C ordinary shares do not have an equity interest and have special rights as set out in the Articles of Association.

The D ordinary shares are equity shares which are subject to hurdles which determine the rights of holders to distributions as set out in the Articles of Association.

Lambert Contracts Holdings Limited

Notes to the Financial Statements For the Year Ended 30 April 2016

27. Commitments under operating leases

At 30 April 2016 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Not later than 1 year	65,600	50,000	-	-
Later than 1 year and not later than 5 years	224,105	200,000	-	-
Later than 5 years	102,055	152,192	-	-
Total	391,760	402,192	-	-

28. Related party transactions

Transactions between group companies which have been eliminated on consolidation are not disclosed within the financial statements.

At the year end there were amounts of £11,315 (2015: £1,196) due from directors of the group. The loans are interest free and have no fixed repayment dates.

During the year rental charges of £50,000 (2015: £50,000) were paid to a company owned and controlled by a director of Lambert Contracts Holdings Limited. An amount of £479 (2015: £543) was owed to this company at the year end. The rental is charged at normal commercial rates.

During the year monitoring and directors' fees of £62,147 (2015: £61,023) were incurred. In addition, the company paid professional services costs of £26,000 (2015: £26,000) to a company in which one of the company's directors is a director. All transactions were charged at normal commercial rates.

29. Post balance sheet events

On 16 May 2016 the subsidiary company undertook a sale and lease back of motor vehicles with a finance house. Assets with a net book value of £196,426 were disposed of for net proceeds of £263,941.

30. Controlling party

There is no ultimate controlling party.

Lambert Contracts Holdings Limited

Notes to the Financial Statements For the Year Ended 30 April 2016

31. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.