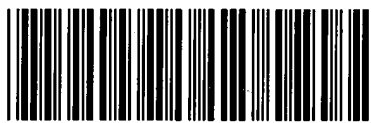


Company Registration No. 01435810 (England and Wales)

CHALCROFT LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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COMPANIES HOUSE

CHALCROFT LIMITED

COMPANY INFORMATION

Directors	Mr Mark Reeve Mr David Reeve Mr S England Mr P Morley Mr T Hallam
Company number	01435810
Registered office	2 Campbells Business Park Campbells Meadow King's Lynn Norfolk PE30 4YR
Auditor	Mapus-Smith & Lemmon LLP 48 King Street King's Lynn Norfolk PE30 1HE
Bankers	Lloyds Bank PLC Black Horse House Castle Park Cambridge Cambridgeshire CB3 0AR
Solicitors	Howes Percival The Guildyard 51 Colegate Norwich Norfolk NR3 1DD

CHALCROFT LIMITED

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CHALCROFT LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2016

The directors present the strategic report and financial statements for the year ended 30 June 2016.

Fair review of the business

The company's investment of a new office in Birmingham in 2014 continues to realise a substantial increase in enquiries and turnover both of which continue to increase in the current financial year.

Chalcroft's Special Projects division once again had a good year as it sustained its work for Arqiva whilst continuing to gain new clients Thales and Muller.

Principal risks and uncertainties

The company is aware that it faces various risks in the future and has positioned itself to keep these to a minimum. The main risks to the business are credit, liquidity and profit margin which are all detailed below.

Credit Risk

Trade debtors pose the greatest credit risk to the business and therefore the credit department is rigorous in its collection of debt. All clients are reviewed on a regular basis to monitor their credit limits and payments history. Currently the majority of clients are blue chip in nature i.e. Coca Cola, Porcelenosa and Selco; The company will continue to focus on securing projects from such high profile organisations in the future to minimise risk of default on debt.

Liquidity Risk

Working capital requirements are monitored on a regular basis through current and projected cash flows to ensure existing finance facilities are sufficient. The company at present has no business loans, reflecting its current positive financial position. All banking facilities are reviewed on an annual basis to ensure their suitability for the business.

Profit Margins

The company reviews profit margins on a monthly basis to gain a clear understanding of any issues that could materially affect its continued profitability. The company continues to enhance its margins by operational efficiencies, cost controls and procurement.

Environmental, Health & Safety

The company recognises that Health, Safety and Welfare of all parties involved in its works, or that could be affected by its works, are of the utmost importance and place "Safety First" and the Environment as the highest priorities. The company continues to invest in these key areas of the business year on year resulting this year in expanding its currently team of Health and Safety Managers.

Key performance indicators

The Group uses a variety of performance measures to monitor and manage the business effectively. The most significant of these are the key performance indicators.

The key performance indicators are:

- Turnover has increased by £11,914,426 to £56,733,721 which is due to increased market activity and our new Birmingham office.
- Margins have reduced from 7.00% to 6.04% which is a result of some legacy issues.

On behalf of the board



Mr Mark Reeve

Director

23/02/2017

CHALCROFT LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2016

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

Principal activities

Chalcroft Limited operates throughout the UK in the construction industry primarily within the food, beverage, pharmaceutical, warehousing and distribution sectors, it also has Special Project division.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr Mark Reeve
Mr David Reeve
Mr S England
Mr P Morley
Mr T Hallam

Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Future developments

In the forthcoming financial year Chalcroft understands that even though it has placed itself in resilient areas of the construction industry it would only be prudent to take a conservative view on projections for the forthcoming year. However business enquiries and therefore sales are forecast to be greater than last year with over £50m already secured for the financial year ending June 2017.

Chalcroft continues to review its overhead on a regular basis to ensure it is competitive within its chosen markets.

Auditor

In accordance with the company's articles, a resolution proposing that Mapus-Smith & Lemmon LLP be reappointed as auditor of the company will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Mr Mark Reeve

Director

23/02/2017

CHALCROFT LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2016

The directors are responsible for preparing the annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CHALCROFT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHALCROFT LIMITED

We have audited the financial statements of Chalcroft Limited for the year ended 30 June 2016 set out on pages 6 to 25. 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 FRS 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 set out on page 3, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2016 and of its 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.

Emphasis of matter

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 19 to the financial statements. Note 19 concerns the uncertain outcome of an appeal made against VAT penalties, in respect of prior periods, issued by HMRC totalling £291,619. The directors consider that the delayed tax provisions apply and according to the independent professional advice received by the directors, the penalty should be £18,226. A provision has been made in the financial statements as at 30 June 2016 for penalties amounting to £18,226.

The ultimate outcome of the appeal cannot presently be determined. If the appeal is unsuccessful then an additional liability of £273,393 will become due which has not been provided for in these financial statements.

Opinion on other matters prescribed by the Companies Act 2006

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

CHALCROFT LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF CHALCROFT LIMITED

Matters on which we are required to report by exception

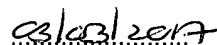
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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.



Mrs Sharon Edwards (Senior Statutory Auditor)
for and on behalf of Mapus-Smith & Lemmon LLP

Chartered Accountants
Statutory Auditor



48 King Street
King's Lynn
Norfolk
PE30 1HE

CHALCROFT LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 £	2015 £
Turnover	2	56,733,721	44,819,295
Cost of sales		(53,309,555)	(41,682,322)
Gross profit		3,424,166	3,136,973
Administrative expenses		(2,770,081)	(2,691,276)
Operating profit	3	654,085	445,697
Interest receivable and similar income	5	1,332	5
Interest payable and similar charges	6	(11,206)	(81,880)
Profit before taxation		644,211	363,822
Taxation	7	(106,379)	(47,341)
Profit for the financial year		537,832	316,481

The profit and loss account has been prepared on the basis that all operations are continuing operations.

CHALCROFT LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	2016 £	2015 £
Profit for the year	537,832	316,481
Other comprehensive income	-	-
Total comprehensive income for the year	<u>537,832</u>	<u>316,481</u>

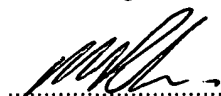
CHALCROFT LIMITED

BALANCE SHEET

AS AT 30 JUNE 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Tangible assets	8		92,495		438,821
Current assets					
Debtors	10	20,749,240		13,450,155	
Cash at bank and in hand		1,616		1,500	
		20,750,856		13,451,655	
Creditors: amounts falling due within one year	11	(17,284,418)		(10,861,674)	
Net current assets			3,466,438		2,589,981
Total assets less current liabilities			3,558,933		3,028,802
Creditors: amounts falling due after more than one year	12		-		(7,701)
Provisions for liabilities	15		(18,226)		(18,226)
Net assets			3,540,707		3,002,875
Capital and reserves					
Called up share capital	18		100		100
Capital redemption reserve			180,000		180,000
Profit and loss reserves			3,360,607		2,822,775
Total equity			3,540,707		3,002,875

The financial statements were approved by the board of directors and authorised for issue on 23/02/2017 and are signed on its behalf by:



Mr Mark Reeve
Director

Company Registration No. 01435810

CHALCROFT LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 July 2014		100	180,000	2,506,294	2,686,394
Year ended 30 June 2015:					
Profit and total comprehensive income for the year		-	-	316,481	316,481
Balance at 30 June 2015		100	180,000	2,822,775	3,002,875
Year ended 30 June 2016:					
Profit and total comprehensive income for the year		-	-	537,832	537,832
Balance at 30 June 2016		100	180,000	3,360,607	3,540,707

CHALCROFT LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	23		8,308		(1,740,047)
Interest paid			(11,206)		(81,880)
Income taxes paid			(116,392)		(69,255)
Net cash outflow from operating activities			(119,290)		(1,891,182)
Investing activities					
Purchase of tangible fixed assets		(5,730)		(218,354)	
Proceeds on disposal of tangible fixed assets		549,783		986,942	
Proceeds from other investments and loans		(30,000)		-	
Interest received		1,332		5	
Net cash generated from investing activities			515,385		768,593
Financing activities					
Payment of finance leases obligations		(8,304)		(736,716)	
Net cash used in financing activities			(8,304)		(736,716)
Net increase/(decrease) in cash and cash equivalents			387,791		(1,859,305)
Cash and cash equivalents at beginning of year			(1,709,358)		149,947
Cash and cash equivalents at end of year			(1,321,567)		(1,709,358)
Relating to:					
Cash at bank and in hand			1,616		1,500
Bank overdrafts included in creditors payable within one year			(1,323,183)		(1,710,858)

CHALCROFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

1 Accounting policies

Company information

Chalcroft Limited is a company limited by shares incorporated in England and Wales. The registered office is 2 Campbells Business Park, Campbells Meadow, King's Lynn, Norfolk, PE30 4YR.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These financial statements for the year ended 30 June 2016 are the first financial statements of Chalcroft Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 July 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

1.2 Going concern

The company relies on an overdraft facility with its bankers for working capital.

The company has a healthy forward order book of over £50m and a number of profitable contracts which are ongoing at the present time. The directors have prepared forecasts for the period through to June 2017 and these show that the company anticipates trading profitably and remaining well within its available facilities.

Based on the above, the directors have concluded that they have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. As a result the directors have concluded that it is appropriate to continue adopting the going concern basis in preparing these financial statements.

1.3 Turnover

Turnover in respect of construction contracts represents the invoiced value of sales recognised at the point which the company has earned the right to the income. Value Added Tax is excluded from turnover.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold property	2% straight line basis
Leasehold property improvements	2% straight line basis
Plant and machinery	20% straight line basis
Fixtures, fittings & equipment	20% - 33% straight line basis
Motor vehicles	20% straight line basis

CHALCROFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

1 Accounting policies

(Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial instruments

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

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

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

CHALCROFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

1 Accounting policies

(Continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

CHALCROFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value though profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. In accordance with Financial Reporting Standard 19, provision is made for deferred taxation in respect of all timing differences that have originated but not reversed by the balance sheet date. Provision is not made for deferred tax assets unless there is a reasonable certainty of their recover against future taxable profits. Deferred taxation balances are not discounted.

1.10 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

CHALCROFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

1 Accounting policies

(Continued)

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

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

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2016 £	2015 £
Turnover		
Construction services	56,733,721	44,819,295
	<u> </u>	<u> </u>
 Other significant revenue		
Interest income	1,332	5
	<u> </u>	<u> </u>

CHALCROFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2016

2 Turnover and other revenue (Continued)

Turnover analysed by geographical market

	2016 £	2015 £
United Kingdom	56,733,721	44,819,295

3 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(5,005)	4,992
Fees payable to the company's auditor for the audit of the company's financial statements	18,000	15,000
Depreciation of owned tangible fixed assets	43,190	294,110
Depreciation of tangible fixed assets held under finance leases	7,740	7,740
(Profit)/loss on disposal of tangible fixed assets	(248,656)	33,683
Operating lease charges	40,932	43,563

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2016 Number	2015 Number
Administration	72	64
Production	15	21
	87	85

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	3,272,169	2,558,986
Social security costs	326,698	253,732
Pension costs	29,687	19,499
	3,628,554	2,832,217

CHALCROFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

5 Interest receivable and similar income

	2016 £	2015 £
Interest income		
Interest on bank deposits	1,332	5

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	1,332	5
--	-------	---

6 Interest payable and similar charges

	2016 £	2015 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	11,007	29,812
Interest on finance leases and hire purchase contracts	199	43,291
	11,206	73,103
Other finance costs:		
Other interest	-	8,777
	11,206	81,880

7 Taxation

	2016 £	2015 £
Current tax		
UK corporation tax on profits for the current period	95,122	116,543
Adjustments in respect of prior periods	(152)	17,700
Total current tax	94,970	134,243
Deferred tax		
Origination and reversal of timing differences	11,409	(86,902)
Total tax charge	106,379	47,341

CHALCROFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

7 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2016 £	2015 £
Profit before taxation	644,211	363,822
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.75%)	128,842	75,493
Tax effect of expenses that are not deductible in determining taxable profit	9,039	(13,284)
Permanent capital allowances in excess of depreciation	(52,509)	52,630
Under/(over) provided in prior years	(152)	17,700
Other tax adjustments	9,750	1,704
Origination and reversal of timing differences	11,409	(86,902)
Taxation for the year	106,379	47,341

CHALCROFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2016

8 Tangible fixed assets

	Freehold property	Leasehold property improvements	Plant and machinery	Fixtures, Motor vehicles fittings & equipment	Total
	£	£	£	£	£
Cost					
At 1 July 2015	359,766	68,537	49,465	684,003	1,451,865
Additions	-	-	-	5,730	5,730
Disposals	(359,766)	-	-	-	(586,752)
At 30 June 2016	-	68,537	49,465	689,733	870,843
Depreciation and impairment					
At 1 July 2015	97,328	7,220	46,066	671,414	1,013,043
Depreciation charged in the year	7,195	1,371	2,161	13,109	50,930
Eliminated in respect of disposals	(104,523)	-	-	-	(285,625)
At 30 June 2016	-	8,591	48,227	684,523	778,348
Carrying amount					
At 30 June 2016	-	59,946	1,238	5,210	92,495
At 30 June 2015	262,438	61,317	3,399	12,589	438,821

CHALCROFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2016

8 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2016 £	2015 £
Motor vehicles	23,220	30,960
Depreciation charge for the year in respect of leased assets	7,740	7,740

9 Financial instruments

	2016 £	2015 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	20,675,363	13,364,753
Carrying amount of financial liabilities		
Measured at amortised cost	16,588,337	10,491,626

10 Debtors

	2016 £	2015 £
Amounts falling due within one year:		
Trade debtors	1,221,005	1,112,071
Gross amounts due from contract customers	13,574,701	7,756,757
Amount due from parent undertaking	5,290,519	-
Amounts due from fellow group undertakings	344,251	-
Other debtors	40,000	10,000
Prepayments and accrued income	203,271	387,795
	20,673,747	9,266,623
Deferred tax asset (note 16)	75,493	86,902
	20,749,240	9,353,525
Amounts falling due after more than one year:		
Amount due from parent undertaking	-	3,820,801
Amounts due from fellow group undertakings	-	275,829
	-	4,096,630
Total debtors	20,749,240	13,450,155

CHALCROFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

11 Creditors: amounts falling due within one year

	Notes	2016 £	2015 £
Bank loans and overdrafts	13	1,323,183	1,710,858
Obligations under finance leases	14	20,586	21,189
Trade creditors		15,005,947	8,659,484
Corporation tax		95,122	116,543
Other taxation and social security		600,959	261,206
Other creditors		25	(301)
Accruals and deferred income		238,596	92,695
		<u>17,284,418</u>	<u>10,861,674</u>

12 Creditors: amounts falling due after more than one year

	Notes	2016 £	2015 £
Obligations under finance leases	14	-	7,701
		<u>-</u>	<u>7,701</u>

13 Loans and overdrafts

	2016 £	2015 £
Bank overdrafts	<u>1,323,183</u>	<u>1,710,858</u>
Payable within one year	<u>1,323,183</u>	<u>1,710,858</u>

It is a condition of the bank overdraft facility that the amount owing shall be secured as follows:

- the bank overdraft is secured by legal charges dated 11 May 2007 and 11 May 2011 over various commercial and residential freehold land and buildings owned by the group.
- an omnibus guarantee and set off agreement dated 20 April 2009 between the bank, Chalcroft Holdings Limited and Chalcroft Limited.
- an unlimited debenture dated 11 May 2007 from Chalcroft Holdings Limited.
- an omnibus guarantee and set off agreement dated 5 January 2012 between the bank, Chalcroft Holdings Limited, Chalcroft Limited and Chalcroft Property Developments Limited.

CHALCROFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2016

14 Finance lease obligations

	2016 £	2015 £
Future minimum lease payments due under finance leases:		
Within one year	20,586	21,189
In two to five years	-	7,701
	<u>20,586</u>	<u>28,890</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

15 Provisions for liabilities

	2016 £	2015 £
Other provision	<u>18,226</u>	<u>18,226</u>

Movements on provisions:

	Other provision £
At 1 July 2015 and 30 June 2016	<u>18,226</u>

16 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets 2016 £	Assets 2015 £
Balances:		
Accelerated capital allowances	<u>75,493</u>	<u>86,902</u>
Movements in the year:		2016 £
Liability/(Asset) at 1 July 2015		(86,902)
Charge to profit or loss		11,409
Liability/(Asset) at 30 June 2016		<u>(75,493)</u>

CHALCROFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

16 Deferred taxation

(Continued)

The deferred tax asset set out above is expected to reverse within the next 5 years and relates to decelerated capital allowances that are expected to be claimed within the same period.

17 Retirement benefit schemes

	2016 £	2015 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	29,687	19,499

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

18 Share capital

	2016 £	2015 £
Ordinary share capital		
Issued and fully paid		
100 Ordinary of £1 each	100	100

19 Financial commitments, guarantees and contingent liabilities

Performance bonds

The company has entered into performance bonds in the ordinary course of business. At 30 June 2016, indemnities outstanding amounted to £2,878,096 (2015 - £1,238,127).

Bank cross guarantee

The banking facilities of the parent company, Chalcroft Holdings Limited, and fellow group subsidiary, Chalcroft Property Developments Limited, are secured by cross guarantee and omnibus letter of set-off dated 5 January 2012. At the year end these amounted to £500,002 (2015 - £2,000,002), full details are set out in the group consolidated financial statements.

VAT matters

During the year ended 30 June 2013, irregularities in the Group's VAT affairs came to light. The irregularities enabled the Group to obtain a temporary but significant cash flow advantage over an extended period of time. No individual made any personal financial gain from the arrangement, and the position has now been regularised and all the related amounts of VAT, together with interest, paid over to HMRC. The directors have made full disclosure to HMRC, and have co-operated fully and openly with all of HMRC's ongoing enquiries in respect of the matter. An assessment has been issued by HMRC for penalties which arise as a result of the misdeclaration of VAT. This penalty is currently still under appeal and following recent HMRC correspondence and professional advice the directors have estimated the penalty provision at £18,226. The directors feel the provision made in these financial statements is a full account of the probable outcome and that the likelihood of any further penalty is remote.

CHALCROFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

20 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £	2015 £
Within one year	27,950	27,950
Between two and five years	59,667	87,617
	<u>87,617</u>	<u>115,567</u>

21 Directors' transactions

Description	% Rate	Opening Balance £	Amounts Advanced £	Interest Charged £	Amounts Repaid £	Closing Balance £
Mr Mark Reeve -	-	-	10,000	-	-	10,000
Mr David Reeve -	-	-	10,000	-	-	10,000
Mr S England -	-	-	10,000	-	-	10,000
		<u>-</u>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>30,000</u>

22 Controlling party

The parent company of Chalcroft Limited is Chalcroft Holdings Limited.

In the opinion of the directors there is no single ultimate controlling party within Chalcroft Holdings Limited.

The results of Chalcroft Limited are included in the consolidated financial statements of Chalcroft Holdings Limited which are available for download at Companies House.

CHALCROFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

23 Cash generated from operations

	2016 £	2015 £
Profit for the year after tax	537,832	316,481
Adjustments for:		
Taxation charged	106,379	47,341
Finance costs	11,206	81,880
Investment income	(1,332)	(5)
(Gain)/loss on disposal of tangible fixed assets	(248,656)	33,683
Depreciation and impairment of tangible fixed assets	50,930	301,850
(Decrease) in provisions	-	(146,774)
Movements in working capital:		
(Increase) in debtors	(7,280,494)	(3,666,983)
Increase in creditors	6,832,443	1,292,480
Cash generated from/(absorbed by) operations	<u>8,308</u>	<u>(1,740,047)</u>