

# Garbol Limited

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## AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

Registered Number: 05635505 (England and Wales)

# Garbol Limited

## Contents of the financial statements

	PAGE
Directors, officers and advisers	2
Strategic Report	3
Report of the Directors	6
Report of the Independent Auditor	9
Consolidated Statement of Total Comprehensive Income	10
Consolidated Statement of Financial Position	11
Company Statement of Financial Position	12
Consolidated Statement of Changes in Equity	13
Company Statement of Changes in Equity	14
Consolidated Statement of Cash Flows	15
Company Statement of Cash Flows	16
Notes to the Financial Statements	17

## Garbol Limited

### Directors, officers and advisers

<b>Directors</b>	M T Morris KJBreen M RLethaby (resigned 22 October 2015) DRHillman A Martin (appointed 1 September 2015)
<b>Company secretary</b>	DRHillman
<b>Registered number</b>	05635505
<b>Registered office</b>	1 Tamdown Way Braintree Essex CM7 2QL
<b>Independent auditor</b>	Grant Thornton UKLLP Chartered Accountants & Statutory Auditor 80 Compair Crescent Ipswich Suffolk IP2 0EH

## Group Strategic Report

For the year ended 30 September 2015

### Business review

The business continues to benefit from the ongoing recovery in the housing market. This rising market is anticipated to continue for the foreseeable future, with both politicians and industry commenting that in excess of 200,000 new homes should be built per year in order to reduce the large backlog. The house building sector is seen as the engine room of the UK's economy.

The Government continues to provide assistance to house buyers, particularly with the Help to Buy scheme which has been extended to 2020.

With the recovery of the housing market the Group has seen an increase in the portfolio of the bluechip client base and a strengthening of the order book by 16% to £164m.

The performance of both Tamdown and TriConnex have improved during the year, resulting in the Revenue for the Group increasing by £23.2m to £130.9m (2014: £108.4m), a 21% improvement, and the Group's Profit after Tax increasing by 26% to £6.3m (2014: £5.0m).

Tamdown, the Group's infrastructure division, increased Revenue by £16.5m to £111.9m (2014: £96.1m) and increased the Operating Profit by 36% to £5.9m (2014: £4.3m). The order book for Tamdown strengthened to £95m (2014: £89m).

TriConnex, the Group's utility division, increased Revenue by 55% to £18.9m (2014: £12.2m) and also increased the Operating Profit by 21% to £2.6m (2014: £2.2m). Due to a number of significant contract wins the order book increased to £69m (2014: £53m) and extends to 15 years.

During the year the company acquired the balance of its preference shares. See the Directors Report for details.

### Principal activities

The Group provides a wide range of construction services in public and private housing, defence and energy sectors. Those services comprise:

- Construction including high rise, utilities and remediation
- Utilities.

A full list of clients and services is available to view on the company website [www.tamdown.com](http://www.tamdown.com).

### Key performance indicators

Our financial key performance indicators are:

*Revenue measure* – The strength of revenue is an important measure of the success of the business plan.

- Revenue £130.9m (2014: £108.4m) – a 20.7% increase in the year

*Profit measures* – The Group's gross profit margin and operating profit are important measures of the implementation of the business plan.

- Gross profit margin 15.7% (2014: 15.9%) – a minor reduction in the gross margin due to increases in the cost of materials at the end of a number of fixed term contracts
- Operating profit £8.1m (2014: £6.3m) – an increase of 29% due to increased volume of work and tight control of overheads

**Group Strategic Report (continued)**

For the year ended 30 September 2015

*Cash measure* – The net cash balance (Cash and cash equivalents less Borrowings) is a measure of the strength of the balance sheet and to confirm that the Group has the funds necessary to fulfil its growth strategy.

- Net cash balance £26.7m (2014: £18.5m) – an increase of £8.2m in the year

**Key performance indicators (continued)**

*Forward sales measure* – The strength of the Group's forward sales is an important measure of the Group's expected future success.

- Order book £164m (2014: £142m) – an increase of £22m, with sales now extended out for 15 years.

**Our non-financial key performance indicators are:**

*Environmental* - Our on-going environmental objectives for the Group are to educate our workforce, reduce waste, to increase recycling of materials, to reduce emissions and to reduce energy consumption.

- No incidents or prosecutions for this period (2014: Nil) alongside external audits from the Environment Agency and BS show that the Group remains compliant and competent.

*Health and Safety* - Health and Safety is at the forefront of our business and there is an on-going commitment to continuous improvement across the business by raising awareness and improvements through a programme of Behavioural Safety (Worksmart) including Worker Engagement.

- No incidents or prosecutions for this period (2014: Nil) alongside external audits from Clients and BS show that the Group remains compliant and competent.
- Our AIR incident rate of 565.9 (2014: 406.5) is significantly below industry average of 735.6.

**Principal risks and uncertainties**

The principal risks of the business comprise:

*Credit Risk*

Group policies are aimed at minimising exposure to bad debt. We review the credit rating of existing customers quarterly. In addition we have a very robust selection process on all tenders from companies for which we have not previously worked. This assessment includes profitability, payment record and balance sheet strength.

*Competitive Risk*

The market is improving with clients looking for robust companies to support their own business growth. Challenges are coming from attracting sufficient labour resources to be able to undertake the anticipated workload from the market growth. Tamdown has a great reputation in the industry for training and looking after staff, making us an employer of choice.

Raw materials are increasing in price as demand increases. Our strong long term relationships with our suppliers alongside our positive credit position help the business to negotiate competitive prices for materials.

**Group Strategic Report (continued)**

For the year ended 30 September 2015

*Contractual Risk*

The business works under a number of contract forms subject to sector and client. The contracts may be very complex, have effect over a long period of time and be subject to terms which we regard as onerous. We therefore assess each contract prior to commencement to agree content and mitigate risk. Our long term relationships and familiarity with most contract types are significant factors in managing this risk.

**Adoption of IFRS**

The Directors have decided to adopt International Financial Reporting Standards (IFRS) for the Group and the Company. This is the first set of accounts to be presented in this way and details of the adjustments required are shown in note 25.

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



D R Hillman  
Director

Date: 5-2-16

## Directors' Report

For the year ended 30 September 2015

The directors present their report and the financial statements for the year ended 30 September 2015.

### Results and dividends

The Group profit for the year, after taxation, amounted to £6,338,000 (2014 - £5,024,000).

The directors have not recommended a dividend in 2015 (2014 - £165,691).

### Donations

The Group has made no political donations during any of the periods presented.

### Events after the reporting date

On 1 December 2015 the Company cancelled its capital redemption reserve account of £4,734,027. This reduction led to a corresponding increase in Retained earnings.

On 2 December the Company renewed its borrowing facilities with Allied Irish Bank and drew down a term loan of £12.0m and paid off the existing facility.

On 3 December 2015 the Company paid an interim dividend of £11.0m.

### Acquisition of own shares

During the year the Company bought back the second tranche of the cumulative preference shares at par. The redemption rights of the preference shares are such that the Company has the absolute right to redeem the shares whereas the shareholder has no such right. The value of the shares amounted to £2,367,000 (2014: £2,367,000).

### Directors

The directors who served during the year were:

PD Holliday OBE (deceased 14 February 2015)

M T Morris

K J Breen

M R Lethaby (resigned 22 October 2015)

D R Hillman

A C Martin (appointed 1 September 2015)

### Future developments

We believe that the business is well placed to benefit from the ongoing recovery in the housebuilding industry.

Our order book and cash reserves provide a strong base on which to build growth. Our main clients are the leading UK housebuilders who will be responsible for the great majority of the new housebuilding over the next few years.

The Group's focus is on the very large, multi-phase projects which lend additional revenue visibility beyond what is in the formal order book.

Management will consider acquisitions in the future, likely to be in engineering services and probably focused on energy and utility sectors, to enhance visibility of revenues and to offer some industry diversification.

Directors' Report (Continued)  
For the year ended 30 September 2015

**Employee involvement**

Our people are the foundation of our business and this year has seen a continued growth in new talent entering the business to bolster our strategy of growth and succession.

Our graduate programme continued into its fourth year, with the employment of a further five graduates. This is alongside our site apprentice scheme which is working well. The apprenticeship scheme has been extended to cover site, plant and equipment and office training and at 30 September 2015 we employed 10 apprentices.

We continue to hold the Investor in People accreditation and continuously invest in our employees' personal development. We have an annual performance and development review with our staff. Investment is at all levels with Directors also involved in the Vistage group (an executive coaching forum). We have recruited a Learning and Development Manager to support our staff in their careers.

The Tamdown Degree, which is run in association with Anglia Ruskin University, provides the opportunity for employees to study for a 3 year Business Degree. The employees have the opportunity to incorporate theoretical aspects of the course into their day-to-day work alongside the flexibility to study at a time to suit them.

Our companywide Gold Award scheme recognises and rewards outstanding innovation, customer service and efficiency. Bi-annual conferences for the staff incorporate a guest speaker and the Board gives a strategic and operational update. In addition, twice yearly conferences with site staff enable ideas on cost control and customer service to be exchanged across the business, as well as providing an update to the wider group of employees.

**Disabled employees**

The directors give special attention to the health and safety of their employees and endeavor to ensure that as far as possible recruitment, training, career development and promotion of disabled persons is the same as for other employees. Should employees become disabled, every effort is made to ensure that their employment continues and appropriate retraining is received.

**Corporate Social Responsibility**

Giving things back to our local and wider communities remains a core value for our business. Our CSR covers our relationships with education, wildlife, charities (including our own Tamdown Foundation), our employee's quality of life and their environment. We carry out, attend and support numerous events throughout the year and intend to continue and improve on this as the business grows.

**Directors' responsibilities statement**

The directors are responsible for preparing the Strategic Report and 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 and profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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



Directors' Report (Continued)  
For the year ended 30 September 2015

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.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Auditor**

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

This report was approved by the board on 5-2-16 and signed on its behalf.



D R Hillman  
Director

## Independent Auditor's Report to the Members of Garbol Limited

We have audited the financial statements of Garbol Limited for the year ended 30 September 2015 which comprise the consolidated statement of total comprehensive income, consolidated and company statement of financial position, consolidated and company statement of changes in equity, consolidated and company statement of cash flows, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

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

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

### *Opinion on financial statements*

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2015 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### *Opinion on other matter 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.

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

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

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

James Brown

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP,

Statutory Auditor, Chartered Accountants

Ipswich

Date:

*Grant Thornton UK LLP*

*5 February 2016*

Garbol Limited

Consolidated statement of total comprehensive income  
For the year ending 30 September 2015

	Note	Year ended 30 September 2015 £'000	Year ended 30 September 2014 £'000
Revenue	4	130,863	108,351
Cost of sales		(110,251)	(91,148)
<b>Gross profit</b>		<b>20,612</b>	<b>17,203</b>
<b>Expenses</b>			
Administrative expenses		(12,513)	(10,885)
<b>Operating profit</b>	6	<b>8,099</b>	<b>6,318</b>
Other income		40	3
Finance income	8	59	38
Finance expense	8	(90)	(111)
<b>Profit before tax</b>		<b>8,108</b>	<b>6,248</b>
Taxation	9	(1,770)	(1,224)
<b>Profit</b>		<b>6,338</b>	<b>5,024</b>
<b>Other Comprehensive Income</b>			
Items that will or may be reclassified to profit or loss:			
Available for sale investments		192	58
<b>Total Comprehensive Income for the year attributable to equity Holders of the parent</b>		<b>6,530</b>	<b>5,082</b>
<b>Basic and Diluted Earnings per share (£ per share)</b>	10	<b>£8.39</b>	<b>£6.65</b>

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

Garbol Limited

Consolidated statement of financial position  
As at 30 September 2015

Company number: 05635505

	Note	30 September 2015 £'000	30 September 2014 £'000	30 September 2013 £'000
<b>Non-current assets</b>				
Property, plant and equipment	11	4,192	5,038	3,757
Goodwill	12	2,361	2,361	2,361
Investments	13	524	332	245
<b>Total non-current assets</b>		<b>7,077</b>	<b>7,731</b>	<b>6,363</b>
<b>Current assets</b>				
Inventories	14	739	536	260
Trade and other receivables	15	22,129	25,491	16,531
Cash and cash equivalents		27,724	20,467	16,066
<b>Total current assets</b>		<b>50,592</b>	<b>46,494</b>	<b>32,857</b>
<b>Total assets</b>		<b>57,669</b>	<b>54,225</b>	<b>39,220</b>
<b>Current liabilities</b>				
Borrowings	16	1,000	2,047	850
Trade and other payables	17	39,318	38,644	25,178
Corporation tax		716	512	1,019
<b>Total current liabilities</b>		<b>41,034</b>	<b>41,203</b>	<b>27,047</b>
<b>Non-current liabilities</b>				
Borrowings	16	-	-	2,046
Finance lease liabilities		160	692	390
Deferred tax liabilities	18	165	183	139
<b>Total non-current liabilities</b>		<b>325</b>	<b>875</b>	<b>2,575</b>
<b>Total liabilities</b>		<b>41,359</b>	<b>42,078</b>	<b>29,622</b>
<b>Net assets</b>		<b>16,310</b>	<b>12,147</b>	<b>9,598</b>
<b>Equity attributable to equity holders of the company</b>				
Share capital	19	755	3,122	5,489
Capital redemption reserve		4,734	2,367	-
Retained earnings		10,821	6,658	4,109
<b>Total equity</b>		<b>16,310</b>	<b>12,147</b>	<b>9,598</b>

The financial statements were approved by the Board of Directors and authorised for issue on 5-2-16



Dawn Hillman  
Director

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

Garbol Limited

Company statement of financial position

As at 30 September 2015

Company number: 05635505

	Note	30 September 2015 £'000	30 September 2014 £'000	1 October 2013 £'000
<b>Non-current assets</b>				
Investments	13	20,605	20,605	20,580
<b>Total non-current assets</b>		<b>20,605</b>	<b>20,605</b>	<b>20,580</b>
<b>Current assets</b>				
Trade and other receivables	15	32	5,025	220
<b>Total current assets</b>		<b>32</b>	<b>5,025</b>	<b>220</b>
<b>Total assets</b>		<b>20,637</b>	<b>25,630</b>	<b>20,800</b>
<b>Current liabilities</b>				
Borrowings	16	1,000	2,047	850
Trade and other payables	17	13,685	14,849	12,122
<b>Total current liabilities</b>		<b>14,685</b>	<b>16,896</b>	<b>12,972</b>
<b>Non-current liabilities</b>				
Borrowings	16	-	-	2,046
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>	<b>2,046</b>
<b>Total liabilities</b>		<b>14,685</b>	<b>16,896</b>	<b>15,018</b>
<b>Net assets</b>		<b>5,952</b>	<b>8,734</b>	<b>5,782</b>
<b>Equity attributable to equity holders of the company</b>				
Share capital	19	755	3,122	5,489
Capital redemption reserve		4,734	2,367	-
Retained earnings		463	3,245	293
<b>Total equity</b>		<b>5,952</b>	<b>8,734</b>	<b>5,782</b>

The financial statements were approved by the Board of Directors and authorised for issue on 5-2-16



**Dawn Hillman**  
Director

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

Consolidated statement of changes in equity  
For the year ended 30 September 2015

	Share Capital	Capital Redemption Reserve	Retained Earnings	Total
	£'000	£'000	£'000	£'000
<b>Equity as at 1 October 2013</b>	5,489	-	4,109	9,598
<b>Transactions with owners</b>				
Dividend paid	-	-	(166)	(166)
Redemption of redeemable preference shares	-	-	(2,367)	(2,367)
Transfer from share capital on redemption of preference shares	(2,367)	2,367	-	-
	(2,367)	2,367	(2,533)	(2,533)
<b>Total comprehensive income</b>				
Profit for the year	-	-	5,024	5,024
Other comprehensive income	-	-	58	58
			5,082	5,082
<b>Equity as at 30 September 2014</b>	3,122	2,367	6,658	12,147
<b>Transactions with owners</b>				
Redemption of redeemable preference shares	-	-	(2,367)	(2,367)
Transfer from share capital on redemption of preference shares	(2,367)	2,367	-	-
	(2,367)	2,367	(2,367)	(2,367)
<b>Total comprehensive income</b>				
Profit for the year	-	-	6,338	6,338
Other comprehensive income	-	-	192	192
			6,530	6,530
<b>Equity as at 30 September 2015</b>	755	4,734	10,821	16,310

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

## Company statement of changes in equity

For the year ended 30 September 2015

	Share Capital £'000	Capital Redemption Reserve £'000	Retained Earnings £'000	Total £'000
<b>Equity as at 1 October 2013</b>	5,489	-	293	5,782
<b>Transactions with owners</b>				
Dividend paid	-	-	(166)	(166)
Redemption of redeemable preference shares	-	-	(2,367)	(2,367)
Transfer from share capital on redemption of preference shares	(2,367)	2,367	-	-
	(2,367)	2,367	(2,533)	(2,533)
<b>Total comprehensive income</b>				
Profit for the year	-	-	5,485	5,485
<b>Equity as at 30 September 2014</b>	3,122	2,367	3,245	8,734
<b>Transactions with owners</b>				
Redemption of redeemable preference shares	-	-	(2,367)	(2,367)
Transfer from share capital on redemption of preference shares	(2,367)	2,367	-	-
	(2,367)	2,367	(2,367)	(2,367)
<b>Total comprehensive income</b>				
Loss for the year	-	-	(415)	(415)
<b>Equity as at 30 September 2015</b>	755	4,734	463	5,952

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

Garbol Limited

Consolidated statement of cash flows  
For the year ended 30 September 2015

	Year ended 30 September 2015	Year ended 30 September 2014
	£'000	£'000
<b>Cash Flow from Operating activities</b>		
Profit before tax	8,108	6,248
<b>Adjusted by:</b>		
Profit on disposal	(4)	-
Finance cost (net)	31	70
Depreciation of property, plant and equipment	1,206	1,022
<b>Operating loss before working capital changes</b>	<b>9,341</b>	<b>7,340</b>
Working capital adjustments:		
(Increase)/ Decrease in trade and other receivables	2,686	(8,960)
(Increase)/ Decrease in inventories	(203)	(276)
Increase/ (Decrease) in trade and other payables	834	12,412
<b>Cash generated from operations</b>	<b>12,658</b>	<b>10,516</b>
Interest paid	(88)	(111)
Taxation paid	(1,601)	(1,180)
<b>Net cash flows from operating activities</b>	<b>10,969</b>	<b>9,225</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(570)	(2,304)
Sale of plant and equipment	213	-
Investment	-	(28)
Interest received	59	41
<b>Net cash used in investing activities</b>	<b>(298)</b>	<b>(2,291)</b>
<b>Cash flow from financing activities</b>		
Dividend Payment	-	(166)
Repayment of loans	(1,047)	-
Redemption of preference shares	(2,367)	(2,367)
<b>Net cash used in financing activities</b>	<b>(3,414)</b>	<b>(2,533)</b>
<b>Net change in cash and cash equivalents</b>	<b>7,257</b>	<b>4,401</b>
Cash and cash equivalents at the beginning of the year	20,467	16,066
<b>Cash and cash equivalents at the end of the year</b>	<b>27,724</b>	<b>20,467</b>

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



Company statement of cash flows  
For the year ended 30 September 2015

	Year ended Sep 2015	Year ended Sep 2014
	£'000	£'000
<b>Cash Flow from Operating activities</b>		
(Loss)/profit before tax	(415)	5,485
<b>Adjusted by:</b>		
Finance cost (net)	48	46
<b>Operating loss before working capital changes</b>	<u>(367)</u>	<u>5,531</u>
Working capital adjustments:		
(Increase)/Decrease in trade and other receivables	4,993	(4,805)
Increase/(Decrease) in trade and other payables	<u>(1,164)</u>	<u>2,727</u>
<b>Cash generated from operations</b>	3,462	3,453
Interest paid	<u>(48)</u>	<u>(84)</u>
<b>Net cash flows from operating activities</b>	<u>3,414</u>	<u>3,369</u>
<b>Investing activities</b>		
Purchase of property, plant and equipment		
Investment	-	(25)
Interest received	-	38
<b>Net cash used in investing activities</b>	<u>-</u>	<u>13</u>
<b>Cash flow from financing activities</b>		
Dividend Payment		(166)
Repayment of loans	(1,047)	(849)
Redemption of preference shares	<u>(2,367)</u>	<u>(2,367)</u>
<b>Net cash used in financing activities</b>	<u>(3,414)</u>	<u>(3,382)</u>
<b>Net change in cash and cash equivalents</b>	<u>-</u>	<u>-</u>
Cash and cash equivalents at the beginning of the year	<u>-</u>	<u>-</u>
<b>Cash and cash equivalents at dosing</b>	<u>-</u>	<u>-</u>

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

**Notes to the financial statements**

**1. Accounting policies**

***General information***

The principal activity of Garbol Limited ("the Company") and its subsidiaries (together "the Group") is the provision of a wide range of construction services in public and private housing, defence and energy sectors.

Those services comprise:

- Construction including high rise, utilities and remediation
- Utilities.

The principal trading subsidiaries are Tamdown Group Limited, TriConnex Limited, Tamdown Services Limited, Tamdown Plant Hire Limited and Tamdown Regeneration Limited.

The Company is a private limited company and is incorporated and domiciled in the UK. The address of the registered office is 1, Tamdown Way, Braintree, Essex, CM7 2QL.

The registered number of the company is 05635505.

***Basis of preparation***

The consolidated and company financial statements are for the year ended 30 September 2015. They have been prepared in compliance with International Financial Reporting Standards (IFRSs) and IFRS Interpretations Committee (IFRIC) interpretations as adopted by the European Union as at 30 September 2015. The consolidated and company financial statements have been prepared under the historical cost convention and are presented in Sterling rounded to the nearest thousand except where indicated otherwise.

This is the first financial information of the Group and Company prepared in accordance with IFRS and the Group has applied IFRS 1 'First time adoption of IFRS' from the transition date of 1 October 2013. Please refer to note 25 for the details of the adjustments required to present the accounts under IFRS including any exemptions taken. The accounting policies used have been consistently applied from the transition balance sheet and throughout all periods presented in this financial information.

***Company results***

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act and has not presented its own Statement of Comprehensive Income. The Group profit for the year includes a loss for company during the year of £415,000 (2014: profit of £5,485,000).

***Basis of consolidation***

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of over one half of the voting rights.

The consolidated financial statements present the results of the Company and its subsidiaries as if they form a single entity. Intercompany transactions and balances are therefore eliminated in full. 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 on which control ceases.

***Going concern***

The directors have undertaken a future cash flow analysis and as a result have a reasonable expectation that the Group has adequate resources to meet its liabilities as they arise for at least twelve months from the approval of these financial statements and, consequently, the directors have adopted the going concern basis of accounting in the preparation of these financial statements.

***Standards in issue but not yet effective***

None of the new standards, interpretations and amendments, which are effective for periods beginning after 1 October 2015 and which have not been adopted early, are expected to have a material effect on the company's future financial statements.

Notes to the financial statements (continued)

Accounting policies (continued)

**Revenue Recognition**

Revenue, which excludes intra-group revenue and value added tax, comprises:

- value of work executed during the year on construction contracts based on monthly valuations; and
- sales of developments and land which are recorded upon legal completion.

**Construction contracts**

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in a flow of future economic benefit to the group and can be measured reliably. Contract revenue and expenses are recognised in accordance with the stage of completion of the contract. The stage of completion is determined by surveys of work performed. Contract costs incurred that relate to future activities are deferred and recognised as work in progress. When it is probable that the total contract costs will exceed contract revenue, the expected loss is recognised as an expense immediately. To the extent that progress billings exceed costs incurred plus recognised profits (less recognised losses) they are recognised as trade receivables.

**Deferred revenue**

Where advances are made by customers and cash is received the recognition of the appropriate revenue for the period requires a deferral of a proportion of the cash receipt to future periods for the purposes of recognition in the income statement. The deferred income is shown as a liability on the statement of financial position.

**Inventory**

Inventory is stated at the lower of costs incurred in bringing each product to its present location and condition compared to net realisable value. Cost of inventory is determined as follows:

Raw materials, consumables and goods for resale	purchase cost on a first-in/first-out basis.
Work in progress and finished goods	costs of direct materials and labour plus attributable overheads based on a normal level of activity

Net realisable value is based on an estimated selling price less any further costs expected to be incurred for completion and disposal.

**Retirement Benefits: Defined contribution schemes**

The Group operates a defined contribution pension scheme. Contributions to the defined contribution scheme are charged to the consolidated statement of comprehensive income in the year to which they relate.

**Property, plant and equipment**

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs.

Depreciation is provided on all items of property, plant and equipment so as to write off their carrying value over the expected useful economic lives. It is provided at the following rates:

- Freehold property - 2.5% straight line
- Plant and machinery - 25% reducing balance
- Motor vehicles - 25% reducing balance
- Fixtures and fittings - 15-25% reducing balance
- Leasehold improvements - over the life of the lease

**Notes to the financial statements (continued)**

**Accounting policies (continued)**

***Intangible assets- Goodwill***

Goodwill is the excess of the cost of an acquired entity over the net of the amounts assigned to assets acquired and liabilities assumed. It is capitalised as an intangible asset and allocated to cash generating units (with separately identifiable cash flows) and is subject to impairment testing on an annual basis or more frequently if circumstances indicate that the asset may have been impaired.

***Intangible assets- Impairment***

Intangible assets with indefinite lives are subject to impairment tests annually at the financial year end. The carrying values of non-financial assets with finite lives are reviewed for impairment when there is an indication that assets might be impaired. When the carrying value of an asset exceeds its recoverable amount, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash generating unit (i.e. the smallest group of assets in which the asset belongs for which there are separately identifiable cash flows).

Impairment charges are included in the consolidated income statement, except to the extent they reverse previous gains recognised in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed.

***Financial assets***

The Group classifies its financial assets into the categories, discussed below, based upon the purpose for which the asset was acquired. The Group has not classified any of its financial assets as held to maturity.

***Loans and receivables***

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transactions costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest method, less provision for impairment.

Loans and receivables comprise trade and other receivables included within the statement of financial position.

Cash and cash equivalents include cash held at bank and short term investments within 3 months of maturity and with insignificant likelihood of fluctuations in value.

Bank overdrafts are shown within loans and borrowings in current liabilities in the consolidated statement of financial position. For the purposes of the cash flow statement they are included in cash.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the income statement. On confirmation that the trade receivables will not be collectable, the gross carrying value of the asset is written off against the associated provision.

***Financial liabilities***

The Group classifies its financial liabilities as financial liabilities at amortised cost which include the following:

- Bank loans which are initially recognised at fair value net any of transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost ensuring the interest element of the borrowing is expensed over the repayment period at a constant rate.
- Trade payables, other borrowings and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

**Notes to the financial statements (continued)**

**Accounting policies (continued)**

**Investments**

**Subsidiaries**

The Group has investments in subsidiaries which are carried at deemed cost.

**Securities**

The Group's investment in listed shares is 'available for sale' and carried at fair value being the published price of the individual share holdings at the reporting date. Movements in fair value are taken to the other comprehensive income until the investment is sold when it is reclassified to profit or loss. These are measured fair value level 1, as they are derived from quoted prices in an active market for identical assets.

**Equity**

- Share capital - the nominal value of equity shares.
- Capital redemption reserve - the nominal value of shares which have been bought back by the company.
- Retained earnings – profits which have been retained within the business

**Share Capital**

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability which is a contractual obligation to deliver cash or similar to another entity or a potentially unfavourable exchange of financial assets or liabilities with another entity. The Group's preference shares and ordinary shares are classified as equity instruments.

**Dividends**

Final equity dividends to the shareholders of Garbol Limited are recognised in the period that they are approved by shareholders. Interim equity dividends are recognised in the period that they are paid.

Dividends receivable are recognised when the Company's right to receive payment is established.

**Leased Assets**

Where the risks and rewards of ownership of an asset are transferred to the group as lessee, the lease is treated as a finance lease. Other leases are treated as operating leases. Future minimum lease payments payable under finance leases net of finance charges are included in creditors with the corresponding asset values recorded in property, plant and equipment and depreciated over the shorter of their estimated useful lives or their lease terms. Lease payments are apportioned between the finance element, which is charged to the income statement as interest, and the capital element, which reduces the outstanding obligation for future instalments.

Payments under operating leases are charged to profit or loss on a straight line basis over the lease term.

**Deferred taxation**

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group company; or
- different company entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets and liabilities are expected to be settled or recovered.

**Notes to the financial statements (continued)****2. Critical accounting estimates and judgements**

The Group makes certain estimates and judgements regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and judgements:

- Recoverability of debt - as part of the process of gaining new business it is necessary to carry out checks on the organisations for which the Group will carry out work. The value of individual contracts is substantial and the risk of default is always present so the estimate of the non-recoverability of the debt made by the Directors is critical. See note 15 for future details.
- Profitability of contracts— individual contracts are negotiated so as to provide a reasonable return to the Group. The calculation of the margin to be achieved and the pricing set by the Directors is of paramount importance to the success of the Group.

**3. Capital management**

The Group's capital is made up of share capital, capital redemption reserve and retained earnings totalling £ 16,310,000 (2014: £ 12,147,000 - 2013: £ 9,598,000).

The Group's objectives when maintaining capital are:

- To safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing services commensurately with the level of risk.

The capital structure of the Group consists of shareholders equity as set out in the consolidated statement of changes in equity. All working capital requirements are financed from existing cash resources.

**4. Revenue**

All revenues are generated from the supply of services.

**5. Segmental analysis**

The directors identify operating segments based upon the information which is regularly reviewed by the chief operating decision maker. The Group considers that the chief operating decision makers are the executive members of the Board of Directors. The Group has identified two reportable operating segments, being that of the provision of construction services (Tamdown) and that of utilities installation (TriConnex).

	2015	2014
	£'000	£'000
<b>Revenue</b>		
Tamdown	111,955	96,125
Triconnex	18,908	12,226
<b>Total Group Revenue</b>	<u>130,863</u>	<u>108,351</u>
<b>Operating Profit</b>		
Tamdown	5,905	4,343
Triconnex	2,608	2,156
Central Overhead	(415)	(181)
Other Income	39	3
Net Finance Cost	(31)	(73)
<b>Profit before tax</b>	<u>8,108</u>	<u>6,248</u>
Income tax expense	(1,770)	(1,224)
<b>Total comprehensive income for the period</b>	<u>6,338</u>	<u>5,024</u>

The Statement of Financial Position is not allocated by segment and therefore no further analysis is provided. All revenue is generated in the United Kingdom. One customer is responsible for over 10% of the total revenue.

Notes to the financial statements (continued)

6. Operating profit

The operating profit is stated after charging:

	Year ended 30 September 2015 £'000	Year ended 30 September 2014 £'000
Depreciation and amortisation:		
Owned		
Depreciation of property, plant and equipment	604	819
Depreciation of assets held under finance lease	602	203
Lease payments on land and buildings held under operating leases	120	103
Profit on sales of assets	(4)	(16)
Audit and non-audit services:		
Fees payable to the company's auditor for the audit of the Company's annual accounts	16	18
Fees payable to the Company's auditor and its associates for other services:		
For the audit of the company's subsidiaries pursuant to legislation	54	56
Other services pursuant to legislation	-	-
All other services	24	-
For tax services	14	14

Notes to the financial statements (continued)

7. Staff Cost  
GROUP

	Year ended 30 September 2015 £'000	Year ended 30 September 2014 £'000
Wages and salaries	22,447	21,748
Social Security Cost	2,255	1,016
Pension cost	155	59
	<b>24,857</b>	<b>22,823</b>
Directors remuneration (included in staff costs above)		
Remuneration	694	794
Pension costs	38	38
	<b>732</b>	<b>832</b>
Highest paid director		
Remuneration	259	361
Pension costs	19	19
	<b>278</b>	<b>380</b>

The average monthly number of employees during the period was as follows:

	Year ended 30 September 2015 Headcount	Year ended 30 September 2014 Headcount
Site workers	492	387
Administrative	132	97
	<b>624</b>	<b>484</b>

COMPANY

The Company did not employ any staff during the financial year (2014: nil) and the directors remuneration was borne by another Group company.



## Notes to the financial statements (continued)

## 8. Finance expenses Net

	Year ended 30 September 2015 £'000	Year ended 30 September 2014 £'000
<b>Finance income</b>		
Other interest	59	38
<b>Finance expense</b>		
Interest	90	111

9. Income tax  
GROUP

	Year ended 30 September 2015 £'000	Year ended 30 September 2014 £'000
<b>Current Tax:</b>		
UK corporation tax on profits for the year	1,787	1,450
Adjustments in respect of prior periods	1	(270)
Total Current tax	1,788	1,180
<b>Deferred Tax:</b>		
Origination and reversal of timing differences	(18)	44
<b>Taxation</b>	1,770	1,224

The tax assessed for the year is different from the standard rate of corporation tax as applied in the UK. The differences are explained below:

Profit before tax	8,108	6,248
Profit before tax multiplied by the respective standard rate of corporation tax applicable in the UK (20.5%) (2014: 22.0%)	1,662	1,375
Effects of:		
Non-deductible expenses	107	119
Prior period adjustment	1	(270)
<b>Taxation</b>	1,770	1,224

Notes to the financial statements (continued)

10. Earnings per share

	Year ended 30 September 2015 £'000	Year ended 30 September 2014 £'000
Profit for the year attributable to equity shareholders	6,338	5,024
Basic and Diluted Earnings per share (£ per share)	£8.39	£6.65
Weighted average number of shares in issue for the year	755,157	755,157

There are no potential unissued shares hence basic and diluted EPS are the same.

## Notes to the financial statements (continued)

## 11. Property, plant and equipment

GROUP	Freehold Property	Leasehold Improvements	Plant & Machinery	Motor Vehicles	Fixtures and Fittings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
At 1 October 2013	627	-	4,536	1,052	607	6,822
Additions	-	258	1,781	368	53	2,460
Disposals	-	-	(389)	(37)	(38)	(464)
At 30 September 2014	627	258	5,928	1,383	622	8,818
Additions	-	-	195	363	12	570
Disposals	-	-	(399)	(281)	(20)	(700)
At 30 September 2015	627	258	5,724	1,465	614	8,688
<b>Depreciation</b>						
At 1 October 2013	193	-	2,009	327	536	3,065
Charge for the year	16	52	785	153	16	1,022
Disposals	-	-	(257)	(18)	(32)	(307)
At 30 September 2014	209	52	2,537	462	520	3,780
Charge for the year	15	51	886	232	22	1,206
Disposals	-	-	(271)	(205)	(14)	(490)
At 30 September 2015	224	103	3,152	489	528	4,496
<b>Net book value</b>						
At 30 September 2013	434	-	2,527	725	71	3,757
At 30 September 2014	418	206	3,391	921	102	5,038
At 30 September 2015	403	155	2,572	976	86	4,192

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

	30 September 2015 £'000	30 September 2014 £'000	30 September 2013 £'000
Plant & Machinery	1,810	2,413	1,616

## Notes to the financial statements (continued)

## 12. Goodwill

GROUP	30 September	30 September	1 October
	2015	2014	2013
	£'000	£'000	£'000
Carrying value	2,361	2,361	2,361

*Impairment testing*

The Group tests goodwill annually for impairment. During the year, impairment tests were undertaken over the goodwill of Tamdown Group Limited (£2,361,000). There are considered to be the two Cash Generating Units (CGUs) in the Group which will provide the future economic benefit to the Group comprising Tamdown Group Limited and Triconnex Limited. No goodwill is attached to Triconnex Limited.

The recoverable amount was determined using a value in use calculation based upon management forecasts for the trading results for the two years ending 30 September 2018 extended to 30 June 2020 with long term average growth of 2.5%

A discount rate of 10% has been calculated for this exercise. The key assumptions utilised within the forecast model relates to the level of future sales, which have been estimated based upon the directors expectations, current trading and recent actual trading performance. The value in use calculation indicates that Tamdown Group Limited has a recoverable amount which is £14.5 million greater than the carrying amount of the assets allocated to them. The directors have undertaken sensitivity analysis and do not feel that a reasonable change in assumption will give rise to an impairment.

## 13. Investments

COMPANY	30 September	30 September	1 October
	2015	2014	2013
	£'000	£'000	£'000
Investments in subsidiary companies	20,605	20,605	20,580

## Companies consolidated in these accounts

	Class of shares	Holding	Activity
Tamdown Group Limited	Ordinary	100%	Construction services
Tamdown Regeneration Limited*	Ordinary	100%	Remediation
Tamdown Services Limited*	Ordinary	100%	Supply of labour to the construction industry
Tamdown Plant Hire Limited*	Ordinary	100%	Engineering plant hire
Triconnex Limited*	Ordinary	100%	Utilities contractor

\*Held by Tamdown Group Limited

All Group companies are incorporated in England & Wales.

## Notes to the financial statements (continued)

## Investments (continued)

## GROUP

The Group holds investments that are 'available for sale' where the Group has no control over the strategic or financial activity of the investment, as shown below:

	30 September 2015 £'000	30 September 2014 £'000	1 October 2013 £'000
Unlisted investments	60	60	35
	30 September 2015 £'000	30 September 2014 £'000	1 October 2013 £'000
Listed investments			
At 1 October	272	210	81
Addition	-	4	-
Fair value change through other comprehensive income	192	58	152
At 30 September	464	272	210
Total	524	332	245

## 14. Inventories

GROUP	30 September 2015 £'000	30 September 2014 £'000	1 October 2013 £'000
Work in progress	739	536	260
	739	536	260

## 15. Trade and other receivables

GROUP	30 September 2015 £'000	30 September 2014 £'000	1 October 2013 £'000
Trade receivables	14,754	20,460	12,623
Other receivables	4,121	4,761	3,742
Prepayments and accrued income	3,254	270	166
	22,129	25,491	16,531

Notes to the financial statements (continued)

Trade and other receivables (continued)

Overdue receivables	30 September 2015 £'000	30 September 2014 £'000	1 October 2013 £'000
By less than 3 months	3,182	3,293	1,353
Over 3 but less than 6 months	845	423	303
Over 6 months but less than 1 year	240	180	55
Over 1 year	49	-	2
	<b>4,316</b>	<b>3,896</b>	<b>1,713</b>
Allowance account for receivables	30 September 2015 £'000	30 September 2014 £'000	1 October 2013 £'000
At 1 October	292	280	1,019
Additions	553	76	280
Written back to the income statement	(117)	(64)	(550)
Written off as impaired	-	-	(469)
<b>At 30 September</b>	<b>728</b>	<b>292</b>	<b>280</b>
COMPANY	30 September 2015 £'000	30 September 2014 £'000	1 October 2013 £'000
Other receivables	24	25	20
Amounts owed by Group undertaking	8	5,000	200
	<b>32</b>	<b>5,025</b>	<b>220</b>

The company has no receivables which are overdue or impaired.

## Notes to the financial statements (continued)

## 16. Borrowings

GROUP	30 September	30 September	1 October
	2015	2014	2013
	£'000	£'000	£'000
Current	1,000	2,047	850
Non-current	-	-	2,046
<b>COMPANY</b>	<b>30 September</b>	<b>30 September</b>	<b>1 October</b>
	<b>2015</b>	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Current	1,000	2,047	850
Non-current	-	-	2,046

The bank loans and overdrafts are secured by cross guarantees from other group undertakings

## 17. Trade and other payables

GROUP	30 September	30 September	1 October
	2015	2014	2013
	£'000	£'000	£'000
Trade payables	20,943	23,547	15,911
Other payables	2,397	840	1,028
Payments on account	9,792	7,953	3,642
Finance lease liabilities	672	526	224
Accruals and deferred income	4,798	5,103	3,884
Social security and other tax payable	716	675	489
	<b>39,318</b>	<b>38,644</b>	<b>25,178</b>
<b>COMPANY</b>	<b>30 September</b>	<b>30 September</b>	<b>1 October</b>
	<b>2015</b>	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Amounts owed to Group undertaking	13,681	14,848	11,629
Other payables	4	1	493
	<b>13,685</b>	<b>14,849</b>	<b>12,122</b>

Notes to the financial statements (continued)

18. Deferred income tax

GROUP	30 September 2015 £'000	30 September 2014 £'000
Accelerated capital allowances		
Brought forward	183	139
(Credit)/Charge for the year	(18)	44
	<u>165</u>	<u>183</u>

19. Share capital

GROUP AND COMPANY	30 September 2015 £'000	30 September 2014 £'000	1 October 2013 £'000
386,715 ordinary A share of £1 each	387	387	387
257,807 ordinary B shares of £1 each	258	258	258
63,346 ordinary C shares of £1 each	63	63	63
47,289 non-voting ordinary shares of £1 each	47	47	47
4,734,027 7% cumulative preference shares of £1 each	-	2,367	4,734
	<u>755</u>	<u>3,122</u>	<u>5,489</u>

On 6th October 2014 the Company acquired 2,367,000 of the 7% Cumulative Preference Share at £1 each for £2,367,000.



## Notes to the financial statements (continued)

## 20. Financial instruments

GROUP	30 September	30 September	1 October
	2015	2014	2013
	£'000	£'000	£'000
<b>Non- Current Assets</b>			
Investments – Assets held for sale	524	332	245
	<u>524</u>	<u>332</u>	<u>245</u>
<b>Current assets</b>			
Trade receivables – loans and receivables	14,754	20,460	12,623
Other receivables – loans and receivables	4,121	4,761	3,742
Non-financial receivables	3,254	270	167
	<u>22,129</u>	<u>25,491</u>	<u>16,531</u>
Cash and cash equivalents	27,724	20,467	16,066
	<u>49,114</u>	<u>45,688</u>	<u>32,431</u>
<b>Non-current liabilities</b>			
Borrowings – at amortised cost	-	-	2,046
Finance lease liabilities – at amortised cost	160	692	390
Non financial payables	165	183	139
	<u>325</u>	<u>875</u>	<u>2,575</u>
<b>Current</b>			
Borrowings – at amortised cost	1,000	2,047	850
Trade payables – at amortised cost	20,943	23,547	15,911
Other payables – at amortised cost	2,397	840	1,028
Payments on account – at amortised cost	9,792	7,953	3,642
Finance lease liabilities – at amortised cost	672	526	224
Accruals – at amortised cost	4,798	5,103	3,884
Non financial payables	716	675	489
	<u>40,318</u>	<u>40,691</u>	<u>26,028</u>
	<u>39,602</u>	<u>40,016</u>	<u>25,539</u>
Total at amortised cost			

## Notes to the financial statements (continued)

## Financial instruments (continued)

COMPANY	30 September	30 September	1 October
	2015	2014	2013
	£'000	£'000	£'000
<b>Current assets</b>			
Other receivables – loans and receivables	24	25	20
Amounts owed by Group undertakings – loans and receivables	8	5,000	200
Total loans and receivables	32	5,025	220
<b>Non-current liabilities</b>			
Borrowings – at amortised cost	-	-	2,046
<b>Current</b>			
Borrowings – at amortised cost	1,000	2,047	850
Amounts owed to Group undertakings – at amortised cost	13,681	14,848	11,629
Other payables – at amortised cost	-	-	492
Accruals – at amortised cost	4	1	1
Total at amortised cost	14,685	16,895	12,972

## 21. Operating leases

The following payments are due to be made on operating lease commitments which are all leases on office accommodation:

GROUP	30 September	30 September	1 October
	2015	2014	2013
	£'000	£'000	£'000
Within one year	70	70	70
Two to five years	140	210	280
	210	280	350

## Notes to the financial statements (continued)

## 22. Financial risk management

The Group and Company's activities expose it to a variety of financial risks: credit risk and liquidity risk. The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the Board and their policies are outlined below.

## a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss. In order to minimise this risk the Group endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored.

The maximum exposure to credit risk is the value of the outstanding amount of cash balances and trade and other receivables:

	2015 £'000	2014 £'000	2013 £'000
<b>Group</b>	48,937	45,958	32,597
<b>Company</b>	24	25	20

Credit risk on cash and cash equivalents is considered to be small as the counterparties are all substantial banks with high credit ratings. The maximum exposure is the amount of the deposit

Provision of services by members of the Group results in trade receivables which the management consider to be of low risk, other receivables are likewise considered to be low risk. The management do not consider that there is any concentration of risk within either trade or other receivables.

b) Liquidity risk  
GROUP

The Group currently holds cash balances in Sterling to provide funding for normal trading activity. The Group also has access to additional equity funding and, for short term flexibility, overdraft facilities would be arranged with the Group's bankers. Trade and other payables are monitored as part of normal management routine. Liabilities are disclosed as follows:

2015	Within 1 year £'000	Two to five years £'000	Over five years £'000
Borrowings	1,000	-	-
Finance lease liabilities	672	160	-
Trade payables	20,943	-	-
Accruals	4,798	-	-
Other payables	2,397	-	-
Payments on account	9,792	-	-

Notes to the financial statements (continued)

Financial risk management (continued)

Liquidity risk (continued)

2014	Within 1 year £'000	Two to five years £'000	Over five years £'000
Borrowings	2,047	-	-
Finance lease liabilities	526	692	-
Trade payables	23,547	-	-
Accruals	5,103	-	-
Other payables	840	-	-
Payments on account	7,953	-	-

  

2013	Within 1 year £'000	Two to five years £'000	Over five years £'000
Borrowings	850	2,045	-
Finance lease liabilities	224	390	-
Trade payables	15,911	-	-
Accruals	3,884	-	-
Other payables	1,028	-	-
Payments on account	3,642	-	-

The bank loans and overdrafts are secured by cross guarantees from other group undertakings

**COMPANY**

The Company holds no cash balances. The Company has access to additional equity funding and, for short term flexibility, overdraft facilities would be arranged with the Group's bankers. Trade and other payables are monitored as part of normal management routine. Liabilities are disclosed as follows:

2015	Within 1 year £'000	Two to five years £'000	Over five years £'000
Borrowings	1,000	-	-
Accruals and deferred income	4	-	-
Amounts owed to Group undertakings	13,681	-	-

  

2014	Within 1 year £'000	Two to five years £'000	Over five years £'000
Borrowings	2,047	-	-
Accruals and deferred income	1	-	-
Amounts owed to Group undertakings	14,848	-	-

**Notes to the financial statements (continued)**

**Financial risk management (continued)**

**Liquidity risk (continued)**

2013	Within 1 year £'000	Two to five years £'000	Over five years £'000
Borrowings	850	2,046	-
Other creditors	492	-	-
Accruals and deferred income	1	-	-
Amounts owed to Group undertakings	11,629	-	-

**c) Capital risk management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in a volatile and tight credit economy.

The Group will also seek to minimise the cost of capital and attempt to optimise the capital structure, which currently means maintaining equity funding and keeping debt levels to insignificant amounts of finance lease funding. Share capital amounts to £755,000 (2014: £3,122,000 – 2013: £5,489,000).

Capital for further development of the Group's activities will, where possible, be achieved by share issues and not by carrying significant debt.

**23. Related party transactions**

Compensation of key management personnel (comprising only Directors):

<b>GROUP AND COMPANY</b>	30 September 2015 £'000	30 September 2014 £'000
Short term employee benefits	790	904
Post employment benefits	38	38
	<u>754</u>	<u>942</u>

<b>GROUP AND COMPANY</b>	30 September 2015 £'000	30 September 2014 £'000	1 October 2013 £'000
Amounts owed to directors for dividends unpaid			
PD Holliday	-	-	(42)
M T Morris	-	-	(236)
KBreen	-	-	(149)
DR Hillman	-	-	(4)
M Lethaby			(1)
Amounts owed by companies with common directors			
Garbol Warehousing	11	11	18
Amounts sold to/(purchased from) companies with common directors			
Tamdown Foundation	6	4	-
Donations made to companies with common directors			
Tamdown Foundation	(14)	(5)	(7)

**24. Ultimate control**

At 30 September 2015, the Company's ultimate controlling party was Michael Morris by virtue of his shareholding in the Company.

## Notes to the financial statements (continued)

## 25. Transition to IFRS

From 30 September 2015 the Group has adopted International Financial Reporting Standards (IFRSs) in the preparation of its financial statements. The transition date is 1 October 2013.

The main items contributing to the change in financial information compared with that reported under UK GAAP as at the transition date are shown below:

## IFRS3 'Business combinations'

Business combinations that occurred prior to the transition date have not been restated to comply with IFRS3 'Business Combinations'. Goodwill carried at the transition date is no longer amortised.

## IAS39 'Financial instruments – Recognition and measurement'

After transition investments in listed companies are held at fair value and as 'available for sale'. The carrying value is at the market value at the reporting date and any change in value is in 'other comprehensive income'.

## Reconciliation of equity as at 1 October 2013

	UK GAAP	Fair value adjustment to listed investments	IFRS
	£'000	£'000	£'000
<b>Equity and liabilities</b>			
Share Capital	5,489	-	5,489
Capital redemption reserve	-	-	-
Retained earnings	3,980	129	4,109
Total equity and liabilities	9,469	129	9,598

## Reconciliation of equity as at 30 September 2014

	UK GAAP	Reversal of amortisation of goodwill	Fair value adjustment to listed investments	IFRS
	£'000	£'000	£'000	£'000
<b>Equity and liabilities</b>				
Share Capital	3,122	-	-	3,122
Capital redemption reserve	2,367	-	-	2,367
Retained earnings	5,527	944	187	6,658
Total equity and liabilities	11,016	944	187	12,147

## Notes to the financial statements (continued)

## Transition to IFRS (continued)

## Reconciliation of total comprehensive income for the year ended 30 September 2014

	UK GAAP	Reversal of amortisation of goodwill	Fair value adjustment to listed investments	IFRS
	£'000	£'000	£'000	£'000
Revenue	108,351	-	-	108,351
Cost of sales	(91,148)	-	-	(91,148)
Gross profit	17,203	-	-	17,203
Administrative expenses	(11,829)	944	-	(10,885)
Other income	3	-	-	3
Finance income	38	-	-	38
Finance expense	(111)	-	-	(111)
Profit (loss) before tax	5,304	944	-	6,248
Income tax expense	(1,224)	-	-	(1,224)
Profit for the period	4,080	944	-	5,024
Other comprehensive income				
Available for sale investment	-	-	58	58
	4,080	944	58	5,082

## Cash flow

As a result of the transition to IFRS the following changes have resulted in the cashflow statement.

The definition of cash under UK GAAP is narrower than under IFRS where highly liquid investments, readily convertible to a known amount of cash and with an insignificant risk of a change in value are regarded as cash equivalents.

Under UK GAAP payments to acquire property, plant and equipment were classified as part of 'Capital expenditure and financial investment' whilst under IFRS such payments have been reclassified as part of 'Investing activities'.

There are no other material differences between the cashflow statement presented under IFRS and that presented under UK GAAP other than the presentational convention.

## 26. Events after the reporting date

On 1 December 2015 the Company cancelled its capital redemption reserve account of £4,734,027. This reduction led to a corresponding increase in Retained earnings.

On 2 December the Company renewed its borrowing facilities with Allied Irish Bank and drew down a term loan of £12.0m.

On 3 December 2015 the Company paid an interim dividend of £11.0m.

## 27. Capital commitments

## GROUP AND COMPANY

At 30 September 2015 neither the Group nor the Company had any capital commitments (2014: £nil - 2013: £nil).