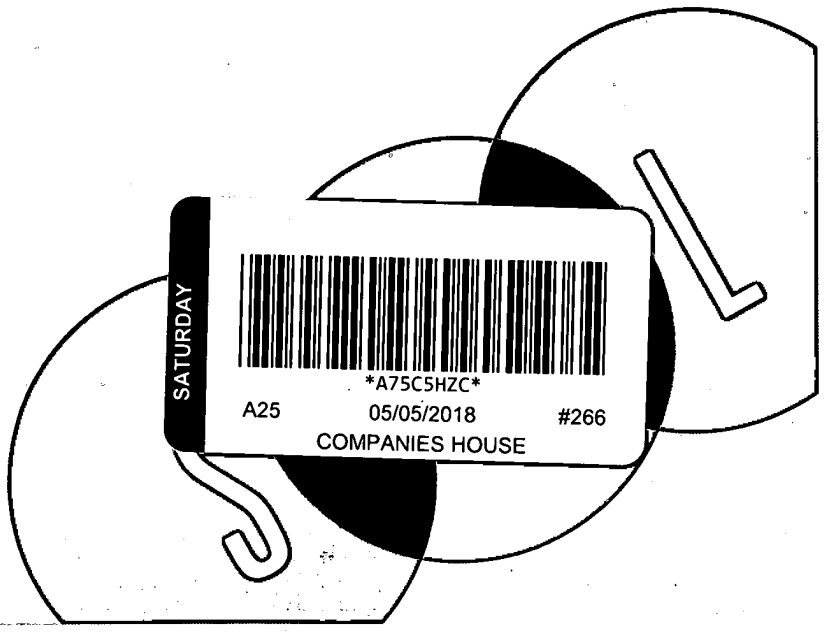
SIMPSON

Company Registration Number 847721

SIMPSON (YORK) LIMITED

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2017



SIMPSON (YORK) LIMITED

COMPANY INFORMATION

Directors	R C Gatenby F.C.I.O.B B Gatenby R C Allerton B.Sc (Hons) A Gatenby B.Sc (Hons) M.C.I.O.B I R Hildreth F.C.I.O.B (resigned 18 May 2017) J Pursehouse FCA N P Silcock F.C.I.O.B
Company secretary	J Pursehouse FCA
Registered number	00847721
Registered office	10 Hassacarr Close Chessingham Park Dunnington York North Yorkshire YO19 5SN
Independent auditors	Armstrong Watson Audit Limited Chartered Accountants and Statutory Auditors Third Floor 10 South Parade Leeds LS1 5QS
Bankers	HSBC Plc 33 Park Row Leeds LS1 1LD
	Bank of Scotland Plc Lisbon House 116 Wellington Street Leeds LS1 4LT

SIMPSON (YORK) LIMITED

CONTENTS

	Page
Strategic report	1 - 3
Directors' report	4 - 5
Independent auditors' report	6 - 8
Statement of comprehensive income	9
Balance sheet	10
Statement of changes in equity	11
Notes to the financial statements	12 - 30
The following pages do not form part of the statutory financial statements:	
Detailed profit and loss account and summaries	31 - 34

SIMPSON (YORK) LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

Introduction

The Directors present their Strategic Report for Simpson (York) Limited for the year ended 31 December 2017.

Our 2017 activity provided us with a further opportunity to demonstrate that **SIMPSON** deliver projects in a safe, enjoyable and a healthy way.

Our Core Values underpin our activity in our development, construction, fit out and joinery works throughout the business, and help us to maintain our endeavour to be ***"the preferred choice"***.

We maintain our environmental standards and commitments and are proud of our FSC Certification in terms of our bespoke joinery works.

We continue in these changing times to be a recognised player in the fitout and construction market place, providing a fitout service throughout the UK and construction delivery in the north. This is all supported by 173 direct employees, allowing us to maintain our long term relationships to our customers, supporting them and their growth through the delivery of our projects sustainably.

We conduct our business in an ethical manner with a commitment to health and safety for our workforce, and maintain the ethos of our core values.

We continue to be a debt free business with an accountability to all our Stake Holders.

Business Review

Our long term relationships continue in fit out in both retail and leisure, some of the key accounts including Primark, Debenhams, Marks & Spencer, Sainsburys and Everyman Cinemas for all of whom we have delivered quality projects throughout the UK.

Our construction Client's include Nestle, North Yorkshire County Council and Springfield Health Care for whom we delivered their Award Winning, Healthcare Village at the Terry's Chocolate Works site in York.

We are pleased to have delivered our first project for the York Conservation Trust being the restoration of the ceiling and various other finishing's in the Grade 1 Listed Assembly Rooms, in the centre of York.

We also continue to provide a high quality bespoke private client housing service on larger value size projects in York and rural North Yorkshire.

On the Financial Services side we continue to deliver for Virgin Money and are on site currently on their relocation in Cardiff.

Our re-accreditation has continued with the renewal of ISO 9001, ISO 14001 and OHSAS 18001.

The "Blue" initiative team continue their working sessions and have moved from the installation of our ERP computer system on to extending further development through other areas of our business operations.

The business gained additional recognition with this years Business Review by York St John College and York Press where they established the grading of the Top 100 Businesses of York and the **SIMPSON** business was placed in 25th position, a true recognition of our stability and growth.

SIMPSON (YORK) LIMITED

STRATEGIC REPORT (CONTIUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

Principal Risks and Uncertainties

This time last year we were reporting on the Brexit situation, and regrettably we still, as a nation, continue to navigate the course of Brexit, however our level of quality enquiries and workload remains strong. We said, last year, that we've detected a level of confidence and in our opinion and experience this has been maintained, and is reflected in the opportunities presenting themselves to the business, we just need to support this confidence so investment continues and businesses flourish.

Our construction activity in the last 12 months is at a turnover level of £27.3m and our fit out activity level is £41.54m giving a slightly reduced turnover level for 2017 of £68.83m. It is to be noted however that our operating profit has substantially increased to in excess of £1.7 m.

Our change in the Executive team, which is now headed by Neil Silcock, as Managing Director, has helped ensure the stability which is now promoting growth and capability amongst our management team and providing us with a great opportunity as we enter 2018.

Our financial stability remains strong and is further demonstrated by the Dun & Bradstreet rating of 3A1. This continues to be a comfort and confidence to our new potential Clients as well as our existing key accounts, and also gives our customers and suppliers the confidence that we are a solid business with which to trade both now and in the future.

It is very important to recognise that the **SIMPSON** business will be with our Clients at the start as well as the completion of their works. Our focus has always been on growth in the medium and long term, and continues, as we have substantial financial reserves to support our activities.

Financial Key Performance Indicators

Management use a range of performance measures to monitor and manage the business. These are split in to financial and non-financial key performance indicators as set out below.

Profit retentions	gross profit margin, net profit margin, return on capital employed
Liquidity ratios	current ratio
Activity ratios	debtor days, creditor days
Capital ratios	gearing
Non-financial	accident incident rate, staff turnover, customer and public complaints, customer satisfaction, Bradford points, insurance claims

For 2017 these remained consistent with, or improved on, 2016.

SIMPSON (YORK) LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

Financial Performance and Position

As demonstrated in the accounts, our turnover is £68.83m and our profitability is at £1.7m. This is showing a substantial increase in terms of operating profits and our results are further supported in terms of our rental growth as we have continued success on our Business Park development in York.

Sustainability, People Planning and Posterity

People

- **SIMPSON** Employee Accident Incident Rate, 158, continues to be consistently below the HSE industry reported average 311. Our provision of 4 training days per employee, exceeds industry average of 2 days per employee
- 71% of **SIMPSON** employees have been with the business for over 5 years
- 100% of all site management have a Site Managers Safety Training Scheme / Site Supervisors Safety Training Scheme as appropriate
- 7% of our employees have gained further professional qualifications this year

Planet

- 95% - total waste diverted from landfill – continually looking for innovative solutions to increase this figure
- FSC registration audited and maintained for a further year, now being over 8 years
- 5 consecutive years reduction in Business Carbon footprint
- ISO 9001 & ISO 14001 (both since 2003) and OHSAS 18001 (since 2011) all re-accredited

Prosperity

- 15 charities directly supported by the Business and donations of £20,000
- Bronze Award Winner at the Considerate Constructors Awards for our commitment on Primark Coppergate
- 25/100 in The York Top 100 Businesses

SUMMARY

The **SIMPSON** team remain committed and passionate regarding their business objective to be ***"the preferred choice"*** to their Customers project works, and with the added vision, of continuing as a successful and profitable privately owned business, operating from our Yorkshire regional base.

Our passion and commitment for continued successful growth is now well embedded within our business operations and culture to support our activity. This is also demonstrated by our continued increasing repeat work levels from our key accounts and new customer relationships, both for tendered and negotiated works.

2018 whilst still in the early months of the year has already provided us with a substantial and secured level of activity providing an ideal foundation for further growth throughout the year.

This report has been approved by the board on 26th April 2018 and signed on its behalf

John Pursehouse FCA
Secretary

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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.

Results and dividends

The profit for the year, after taxation, amounted to £1,438,297 (2016 - £504,508).

Dividends of £1,000,000 (2016: £500,000) were paid during the year.

Directors

The directors who served during the year were:

R C Gatenby F.C.I.O.B
B Gatenby
R C Allerton B.Sc (Hons)
A Gatenby B.Sc (Hons) M.C.I.O.B
I R Hildreth F.C.I.O.B (resigned 18 May 2017)
J Pursehouse FCA
N P Silcock F.C.I.O.B

Future developments

The directors are not expecting to make any significant changes in the nature of the business in the near future.

Matters covered in the strategic report

Information is not shown in the director's report because it is shown in the strategic report instead under s414C (11). The strategic report includes a business review, principal risk and uncertainties and financial key performance indicators.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

Under section 487(2) of the Companies Act 2006, Armstrong Watson Audit Limited will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 26 April 2018 and signed on its behalf.

.....
J Pursehouse FCA
Secretary

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF SIMPSON (YORK) LIMITED

Opinion

We have audited the financial statements of Simpson (York) Limited (the 'Company') for the year ended 31 December 2017, which comprises the Statement of comprehensive income, balance sheet, Statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF SIMPSON (YORK) LIMITED (CONTINUED)

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF SIMPSON (YORK) LIMITED (CONTINUED)

Use of our report

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 Auditors' 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.

Armstrong Watson Audit Ltd.

William Booth (Senior statutory auditor)

for and on behalf of
Armstrong Watson Audit Limited

Chartered Accountants and Statutory Auditors

Leeds
Date: 3-5-18.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £	2016 £
Turnover		**68,832,887**	69,345,528
Cost of sales		**(63,928,344)**	(65,430,973)
Gross profit		**4,904,543**	3,914,555
Administrative expenses		**(3,322,064)**	(3,397,461)
Other operating income		**144,494**	131,946
Operating profit		**1,726,973**	649,040
Interest receivable and similar income	10	**7,310**	11,547
Interest payable and expenses	11	**(2,518)**	(6,629)
Profit before tax		**1,731,765**	653,958
Tax on profit	12	**(293,468)**	(149,450)
Profit for the year		**1,438,297**	504,508
Other comprehensive income for the year			
Movement on share option reserve		**(242,439)**	17,311
Other comprehensive income for the year		**(242,439)**	17,311
Total comprehensive income for the year		**1,195,858**	521,819

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of comprehensive income.

The notes on pages 12 to 30 form part of these financial statements.

SIMPSON (YORK) LIMITED
REGISTERED NUMBER: 00847721

BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note		2017 £		2016 £
Fixed assets					
Tangible assets	14		**1,372,791**		1,459,557
Investment property	15		**2,134,100**		1,717,500
			3,506,891		3,177,057
Current assets					
Stocks	16	**236,161**		345,343	
Debtors: amounts falling due within one year	17	**12,963,045**		14,021,223	
Cash at bank and in hand	18	**4,563,022**		3,902,224	
		17,762,228		18,268,790	
Creditors: amounts falling due within one year	19	**(17,744,393)**		(18,081,481)	
Net current assets			**17,835**		187,309
Total assets less current liabilities			**3,524,726**		3,364,366
Creditors: amounts falling due after more than one year	20		**(11,359)**		(33,304)
Provisions for liabilities					
Deferred tax		**(19,391)**		(32,944)	
			(19,391)		(32,944)
Net assets			**3,493,976**		3,298,118
Capital and reserves					
Called up share capital	24		**500,000**		500,000
Share option reserve	25		**-**		242,439
Profit and loss account	25		**2,993,976**		2,555,679
			3,493,976		3,298,118

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

R C Gatenby F.C.I.O.B
Director

Date: 26TH APRIL 2018

The notes on pages 12 to 30 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital	Share option reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2017	500,000	242,439	2,555,679	3,298,118
Comprehensive income for the year				
Profit for the year	-	-	1,438,297	1,438,297
Movement on share option reserve	-	(242,439)	-	(242,439)
Other comprehensive income for the year	-	(242,439)	-	(242,439)
Total comprehensive income for the year	-	(242,439)	1,438,297	1,195,858
Dividends: Equity capital	-	-	(1,000,000)	(1,000,000)
Total transactions with owners	-	-	(1,000,000)	(1,000,000)
At 31 December 2017	500,000	-	2,993,976	3,493,976

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Called up share capital	Share option reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2016	500,000	225,128	2,551,171	3,276,299
Comprehensive income for the year				
Profit for the year	-	-	504,508	504,508
Movement on share option reserve	-	17,311	-	17,311
Other comprehensive income for the year	-	17,311	-	17,311
Total comprehensive income for the year	-	17,311	504,508	521,819
Dividends: Equity capital	-	-	(500,000)	(500,000)
Total transactions with owners	-	-	(500,000)	(500,000)
At 31 December 2016	500,000	242,439	2,555,679	3,298,118

The notes on pages 12 to 30 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. General information

The principal activity of the company during the year was that of fitting out, construction, maintenance and development operating from their registered office located in 10 Hassacarr Close, Chessingham Park, Dunnington, York, North Yorkshire, YO19 5SN.

The company is a limited liability company incorporated and domiciled in the United Kingdom. The company is a tax resident in the United Kingdom. The accounts are prepared in sterling (£).

2. Accounting policies

The main accounting policies are outlined below:

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Simpson (York) Holdings Limited as at 31 December 2017 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

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

2.4 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Freehold property	- 2% per annum
Plant and machinery	- 10% - 20% per annum
Motor vehicles	- 20% - 40% per annum
Fixtures and fittings	- 10% - 33% per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.5 Stocks

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

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

2. Accounting policies (continued)

2.6 Debtors

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

2.7 Cash and cash equivalents

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

2.8 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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

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

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

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

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

2.9 Creditors

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

2. Accounting policies (continued)

2.10 Government grants

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

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

2.11 Finance costs

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

2.12 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.13 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Statement of comprehensive income is charged with fair value of goods and services received.

2. Accounting policies (continued)

2.14 Operating leases: the Company as lessor

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

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

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2016 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.15 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2016 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.16 Leased assets: the Company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.17 Pensions

Defined contribution pension plan

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

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

2.18 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2. Accounting policies (continued)

2.19 Provisions for liabilities

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

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.20 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

2.21 Long-term contracts

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

2.22 Investment property

Investment property is carried at fair value determined by a professional valuation and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Profit and loss account.

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

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

Judgements and estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

There are no key sources of estimation uncertainty in applying accounting policies in the financial statements.

4. Turnover

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

	2017 £	2016 £
Fitting out	**41,543,491**	45,302,606
Construction	**27,289,396**	24,042,922
	68,832,887	69,345,528

All turnover arose within the United Kingdom.

5. Other operating income

	2017 £	2016 £
Net rents receivable	**144,494**	131,946
	144,494	131,946

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

6. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	**444,857**	450,669
Fees payable to the Company's auditor and its associates for the audit of the company's annual accounts	**18,500**	18,500
Operating lease rentals	**234,986**	234,986
Defined contribution pension cost	**240,589**	220,349

7. Auditors' remuneration

	2017 £	2016 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	**18,500**	18,500
	18,500	18,500
Fees payable to the Company's auditor and its associates in respect of:		
Other services relating to taxation	**400**	1,750
All other services	**9,278**	1,722
	9,678	3,472

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

8. Employees

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

	2017 £	2016 £
Wages and salaries	**8,009,464**	7,807,474
Social security costs	**1,061,157**	965,639
Cost of defined contribution scheme	**240,589**	220,349
	9,311,210	8,993,462

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

	2017 No.	2016 *No.*
Number of production staff	**144**	147
Number of administrative staff	**29**	27
	173	174

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

9. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	**690,129**	693,682
Company contributions to defined contribution pension schemes	**30,162**	35,648
	720,291	729,330

During the year retirement benefits were accruing to 4 directors (2016 - 5) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £172,430 (2016 - £189,537).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £8,748 (2016 - £9,590).

10. Interest receivable

	2017 £	2016 £
Other interest receivable	**7,310**	11,547
	7,310	11,547

11. Interest payable and similar charges

	2017 £	2016 £
Bank interest payable	**1**	2
Finance leases and hire purchase contracts	**2,517**	6,627
	2,518	6,629

12. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	**307,021**	165,842
Adjustments in respect of previous periods	**-**	(1,850)
	307,021	163,992
Total current tax	**307,021**	163,992
Deferred tax		
Origination and reversal of timing differences	**(13,553)**	(14,542)
Total deferred tax	**(13,553)**	(14,542)
Taxation on profit on ordinary activities	**293,468**	149,450

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 - higher than) the standard rate of corporation tax in the UK of 19% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	**1,731,765**	653,958
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2016 - 20%)	**329,035**	130,792
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**5,133**	35,048
Adjustments to tax charge in respect of prior periods	**-**	(1,850)
Other timing differences leading to an increase (decrease) in taxation	**(40,700)**	(14,540)
Total tax charge for the year	**293,468**	149,450

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

13. Dividends

	2017 £	2016 £
Dividends paid on equity capital	**1,000,000**	500,000
	1,000,000	500,000

14. Tangible fixed assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 January 2017	**360,000**	**442,374**	**2,002,324**	**645,703**	**3,450,401**
Additions	**-**	**37,720**	**317,802**	**30,141**	**385,663**
Disposals	**-**	**(8,560)**	**(191,855)**	**(24,540)**	**(224,955)**
At 31 December 2017	**360,000**	**471,534**	**2,128,271**	**651,304**	**3,611,109**
Depreciation					
At 1 January 2017	**34,200**	**331,089**	**1,306,024**	**319,530**	**1,990,843**
Charge for the year on owned assets	**7,200**	**21,731**	**358,245**	**57,681**	**444,857**
Disposals	**-**	**(8,559)**	**(164,293)**	**(24,529)**	**(197,381)**
At 31 December 2017	**41,400**	**344,261**	**1,499,976**	**352,682**	**2,238,319**
Net book value					
At 31 December 2017	**318,600**	**127,273**	**628,295**	**298,622**	**1,372,790**
At 31 December 2016	325,800	111,285	696,300	326,173	1,459,558

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

	2017 £	2016 £
Plant and machinery	**85,857**	103,295
Motor vehicles	**-**	154,367
	85,857	257,662

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

15. Investment property

	Freehold investment property £
Valuation	
At 1 January 2017	**1,717,500**
Additions at cost	**416,600**
At 31 December 2017	**2,134,100**

The 2017 valuations were made by Blacks Property Consultants Limited, a firm of external qualified professional valuers, on an open market value for existing use basis.

16. Stocks

	2017 £	2016 £
Work in progress	**236,161**	345,343
	236,161	345,343

17. Debtors

	2017 £	2016 £
Amounts recoverable on long term contracts	**4,218,630**	6,250,414
Trade debtors	**8,562,169**	7,460,823
Other debtors	**32,893**	181,400
Prepayments	**149,353**	128,584
	12,963,045	14,021,221

18. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	**4,563,022**	3,902,224
	4,563,022	3,902,224

19. Creditors: Amounts falling due within one year

	2017 £	2016 £
Amounts owed on contracts	**10,786,158**	12,433,137
Trade creditors	**594,651**	1,586,686
Amounts owed to group undertakings	**3,282,905**	1,660,836
Corporation tax	**207,021**	199,066
Taxation and social security	**810,296**	546,740
Obligations under finance lease and hire purchase contracts	**25,494**	98,222
Other creditors	**276,253**	421,515
Accruals and deferred income	**1,761,615**	1,135,279
	17,744,393	18,081,481

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

	2017 £	2016 £
Net obligations under finance leases and hire purchase contracts	**11,359**	33,304
	11,359	33,304

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2017 £	2016 £
Within one year	**25,494**	98,222
Between 2-5 years	**11,359**	33,304
	36,853	131,526

22. Financial instruments

	2017 £	2016 £
Financial assets		
Financial assets measured at fair value through profit or loss	**4,563,022**	3,902,224
Financial assets that are debt instruments measured at amortised cost	**8,595,061**	7,642,222
	13,158,083	11,544,446
Financial liabilities		
Financial liabilities measured at amortised cost	**(5,667,755)**	(4,404,324)
	(5,667,755)	(4,404,324)

23. Deferred taxation

	2017 £	*2016 £*
At beginning of year	**(32,944)**	(47,486)
Charged to the profit or loss	**13,553**	14,542
At end of year	**(19,391)**	(32,944)

The provision for deferred taxation is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	**(19,391)**	(32,944)
	(19,391)	(32,944)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

24. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
250,000 Ordinary A shares of £1 each	**250,000**	250,000
250,000 Ordinary B shares of £1 each	**250,000**	250,000
	500,000	500,000

The Ordinary Shares carry rights of one vote per share and have no restrictions on the distribution of dividends and the repayment of capital.

25. Reserves

Share option reserve

The share option reserve arose from the accumulated annual cost (calculated using the Black Scholes Method) of providing the Employee Share Options detailed in note 27. As the share options lapsed during the year the reserve has been released.

26. Provisions

Other long term contract provisions have been recognised which the directors also feel would be prejudicial to disclose.

27. Share based payments

The only share based payments that existed during the period were options over ordinary shares in Simpson (York) Holdings Limited.

The options were granted on 2 May 2011.

These options are exercisable in accordance with the following rules:

1) One third of the options are exercisable if:
Company's audited consolidated accounts for the year ending 31 December 2014 show both:
(i) turnover exceeding that in the previous financial year; and
(ii) profit before interest and tax exceeding 3% of that turnover

2) A further one third (or two thirds if the above conditions are not met) of the options are exercisable if:
Company's audited consolidated accounts for the year ending 31 December 2015 show both:
(i) turnover exceeding that in the previous financial year; and
(ii) profit before interest and tax exceeding 3% of that turnover

3) Any remaining options are exercisable if:
Company's audited consolidated accounts for the year ending 31 December 2016 show both:
(i) turnover exceeding that in the previous financial year; and
(ii) profit before interest and tax exceeding 3% of that turnover

Based on the company forecasts it was assumed that the conditions for each vesting period would be met, therefore the options would become exercisable in 3 equal tranches. Those based on the years 2014, 2015 and 2016, were not exercised.

Each option is exercisable within 6 years of grant.

Further details of the share option are as follows:

	Weighted average exercise price (pence) 2017	**Number 2017**	Weighted average exercise price (pence) 2016	Number 2016
Outstanding at the beginning of the year	**1.54**	**550,800**	1.54	570,800
Granted during the year		**-**		-
Lapsed during the year		**550,800**		(20,000)
Total		**-**		550,800

No options were exercised during the period.

The option pricing model used to estimate the options' fair value is the Black Scholes model.
Relevant inputs to the model include:

	2017	2016
Weighted average share price - £	**(2)**	(2)
Weighted average exercise price - £	**2**	2
Expected volatility - %	**34**	34
Expected life - years	**5**	5
Expected dividend yield - %	**8**	8

27. Share based payments (continued)

In establishing the option life, it was assumed that the relevant targets will be met and options would be exercised on 30 April 2015, 2016 and 2017. The options falling due on 30 April 2015, 2016 and 2017, were not exercised.

Determination of Expected Volatility:

The share values previously established for the period 2000-2011 have been used to calculate the volatility of the price in shares in Simpson (York) Holdings Limited.

These have therefore been used as an indication of volatility, with the changes in price assumed to take place on a linear basis between each actual valuation.

No other features were incorporated into the measurement of fair value.

The share options reserve was released to the profit and loss reserves in the year ended 31 December 2017 as the options expired during the year.

28. Contingent liabilities

At 31 December 2017 there were contingent liabilities in respect of performance bonds arranged with the insurance company which amounted to £964,439 (2016: £2,766,382).

HSBC plc holds a fixed charge over book debts, goodwill, uncalled capital and intellectual property and a floating charge over the other assets of the company.

There are unlimited cross guarantees between Simpson (York) Limited and Simpson (York) Holdings Limited in favour of HSBC plc.

29. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £241,589 (2016 - £220,349). Contributions totalling £30,671 (2016 - £2,744) were payable to the fund at the balance sheet date.

30. Commitments under operating leases

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	**225,945**	234,986
Later than 1 year and not later than 5 years	**826,469**	865,730
Later than 5 years	**572,571**	759,182
Total	**1,624,985**	1,859,898

The company is also a lessor and had the following minimum lease payments under non-cancellable operating leases as follows:

At 31 December 2017, the company was due £1,251,534 (2016: £591,520) from operating leases and £421,340 (2016: £141,985) is due within one year and £830,194 (2016: £444,351) is due between 12 months and 5 years and £Nil (2016: £5,184) is due over 5 years.

31. Related party transactions

Simpson (York) Limited rent their offices from R.C. & B. Gatenby for £159,936 per annum. In the current year rent of £159,936 (2016: £159,936) was paid.

The company rents the Joiners' Shop and units 11 and 12 from Crescent Trustees Limited. Crescent Trustees Limited are the trustees of R.C. & B. Gatenby's pension funds. During the year, the company paid rent of £75,050 (2016: £75,050) to Crescent Trustees Limited.

The company has taken advantage of the exemption contained in Section 33 of FRS 102 'Related Party Disclosures' from disclosing transactions with entities which are part of the group, since 100% of the voting rights in the company are controlled within the group and the company is included within the group accounts which are publicly available.

32. Controlling party

The ultimate parent company is Simpson (York) Holdings Ltd, a company incorporated in England and Wales.

The ultimate controlling party is R C & B Gatenby, throughout the current and previous year.