

Company Number: 01817439

Carmac (Building & Civil Engineering) Limited

Directors' Report and Financial Statements

for the Year Ended 30 June 2016

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Strategic Report for the Year Ended 30 June 2016

The directors present their strategic report for the year ended 30 June 2016.

Fair review of the business

The directors are pleased with the company's improved performance during the year with an increase in turnover of 6.4% and an increase of £129,142 in pre-tax profit.

As a result of cash generated in this and the prior year, the company's cash balances have increased to £6,569,672. The balance sheet has been further strengthened by the retained profit for the year. The company's net assets at the end of the year are £6,877,684 compared to £3,991,728 in 2015.

The directors consider that the key financial performance indicators are those that communicate the financial performance and strength of the company as a whole, these being turnover and gross margin. The turnover and gross profit are shown within the Statement of Comprehensive Income.

Other key financial performance indicators considered by the directors are the profitability of each individual contract at each valuation stage and the level of trade debtors in comparison to turnover.

The Company's key financial and other performance indicators during the year were as follows:

	Unit	2016	2015
Turnover	£	19,588,606	18,417,460
Turnover growth	%	6	34
Gross profit	£	6,104,137	5,926,194
Gross profit margin	%	31	32
Profit before tax	£	4,040,125	3,910,983

Principal risks and uncertainties

The company's principal risks are in trade debtors and contract profitability. The amounts presented in the balance sheet for trade debtors are net of provisions for doubtful debts. The company manages its credit risk through close monitoring of trade debtors and ongoing liaison with its customers. It also seeks to reduce dependency on any one customer.

Approved by the Board and signed on its behalf by:



T McGowan
Director

21 March 2017

Carmac (Building & Civil Engineering) Limited

Directors' Report for the Year Ended 30 June 2016

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

Principal activity

The principal activity of the company is building and civil engineering work.

Directors of the Company

The directors who held office during the year were as follows:

R McGowan

T McGowan

A Morris

I Finney

Strategic report

Some items required under Schedule 7 of the Statutory Instruments 2008 No. 410 are included within the Strategic Report.

Dividends

Interim dividends of £307,000 (2015: £489,500) were paid in respect of the financial year ended 30 June 2016.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board and signed on its behalf by:



T McGowan
Director

21 March 2017

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Independent Auditor's Report to the Members of Carmac (Building & Civil Engineering) Limited

We have audited the financial statements of Carmac (Building & Civil Engineering) Limited for the year ended 30 June 2016, set out on pages 6 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Statement of Directors' Responsibilities (set out on page 3), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors to the financial statements.

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

**Independent Auditor's Report to the Members of
Carmac (Building & Civil Engineering) Limited**

... continued

Matters on which we are required to report by exception

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

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

Hawsons

Richard Burkimsher

Senior Statutory Auditor

For and on behalf of Hawsons

Statutory Auditor

Jubilee House

Duncan Close

Moulton Park

Northampton

NN3 6WL

21 March 2017

Carmac (Building & Civil Engineering) Limited

Statement of Comprehensive Income for the Year Ended 30 June 2016

	Note	2016 £	2015 £
Revenue		19,588,606	18,417,460
Cost of sales		<u>(13,484,469)</u>	<u>(12,491,266)</u>
Gross profit		6,104,137	5,926,194
Administrative expenses		(2,048,259)	(1,996,374)
Other operating income		<u>6,540</u>	<u>5,250</u>
Operating profit		<u>4,062,418</u>	<u>3,935,070</u>
Other interest receivable and similar income	5	7,356	492
Interest payable and similar charges	6	<u>(29,649)</u>	<u>(24,579)</u>
		<u>(22,293)</u>	<u>(24,087)</u>
Profit before tax		4,040,125	3,910,983
Taxation	7	<u>(847,169)</u>	<u>(807,699)</u>
Profit for the financial year		<u><u>3,192,956</u></u>	<u><u>3,103,284</u></u>
Total comprehensive income for the year		<u><u>3,192,956</u></u>	<u><u>3,103,284</u></u>

The above results were derived from continuing operations.

Carmac (Building & Civil Engineering) Limited

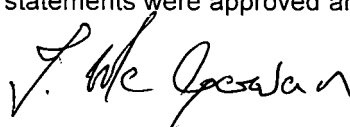
(Registration number: 01817439)

Statement of Financial Position as at 30 June 2016

	Note	2016 £	2015 £
Non-Current Assets			
Property, Plant and Equipment	8	2,094,851	1,661,421
Current assets			
Trade and other receivables	10	3,630,389	2,938,563
Cash at bank and in hand		<u>6,569,672</u>	<u>4,215,662</u>
		10,200,061	7,154,225
Current liabilities	12	<u>(4,785,457)</u>	<u>(4,232,393)</u>
Net current assets		<u>5,414,604</u>	<u>2,921,832</u>
Total assets less current liabilities		7,509,455	4,583,253
Non-current liabilities	12	(389,142)	(414,694)
Provisions for liabilities	7	<u>(242,629)</u>	<u>(176,831)</u>
Net assets		<u>6,877,684</u>	<u>3,991,728</u>
Equity			
Called up share capital	13	50,004	50,004
Revaluation reserve		175,537	293,457
Retained earnings		<u>6,652,143</u>	<u>3,648,267</u>
Total equity		<u>6,877,684</u>	<u>3,991,728</u>

These financial statements were approved and authorised for issue by the Board and signed on its behalf by:

T McGowan
Director



21 March 2017

Carmac (Building & Civil Engineering) Limited

Statement of Changes in Equity for the Year Ended 30 June 2016

	Share capital £	Revaluation reserve £	Retained earnings £	Total £
At 1 July 2015	50,004	293,457	3,648,267	3,991,728
Total comprehensive income	-	-	3,192,956	3,192,956
Transfer of excess depreciation on revalued assets	-	(5,784)	5,784	-
Transfer of revaluation reserve on disposal	-	(112,136)	112,136	-
Dividends	-	-	(307,000)	(307,000)
At 30 June 2016	<u>50,004</u>	<u>175,537</u>	<u>6,652,143</u>	<u>6,877,684</u>

	Share capital £	Revaluation reserve £	Retained earnings £	Total £
At 1 July 2014	50,004	294,520	1,033,420	1,377,944
Total comprehensive income	-	-	3,103,284	3,103,284
Transfer of excess depreciation on revalued assets	-	(1,063)	1,063	-
Dividends	-	-	(489,500)	(489,500)
At 30 June 2015	<u>50,004</u>	<u>293,457</u>	<u>3,648,267</u>	<u>3,991,728</u>

Statement of Cash Flows for the Year Ended 30 June 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Profit for the year		3,192,956	3,103,284
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	2	347,516	252,930
Loss on disposal of property plant and equipment		39,175	12,047
Finance income	5	(7,356)	(492)
Finance costs	6	29,649	24,579
Income tax expense	7	847,169	807,699
		<u>4,449,109</u>	<u>4,200,047</u>
Working capital adjustments			
Increase in trade and other receivables	10	(691,826)	(255,932)
Increase in trade and other payables	12	470,495	45,193
Cash generated from operations		4,227,778	3,989,308
Income taxes paid	7	<u>(745,600)</u>	<u>(145,621)</u>
Net cash flow from operating activities		<u>3,482,178</u>	<u>3,843,687</u>
Cash flows from investing activities			
Interest received	5	7,356	492
Acquisitions of property plant and equipment		(341,693)	(532,297)
Proceeds from sale of property plant and equipment		106,232	22,900
Net cash flows from investing activities		<u>(228,105)</u>	<u>(508,905)</u>
Cash flows from financing activities			
Interest paid	6	(4,363)	(4,938)
Hire purchase interest	6	(25,286)	(19,641)
Repayment of other borrowings		(175,000)	(195,901)
Payments to finance lease creditors		(388,414)	(143,461)
Dividends paid	14	<u>(307,000)</u>	<u>(489,500)</u>
Net cash flows from financing activities		<u>(900,063)</u>	<u>(853,441)</u>
Net increase in cash and cash equivalents		2,354,010	2,481,341
Cash and cash equivalents at 1 July		<u>4,215,662</u>	<u>1,734,321</u>
Cash and cash equivalents at 30 June	9	<u><u>6,569,672</u></u>	<u><u>4,215,662</u></u>

Notes to the Financial Statements for the Year Ended 30 June 2016

1 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. There are no material adjustments required to the comparatives in the transition to FRS 102.

Basis of preparation

These financial statements have been prepared using the historical cost convention.

Revenue

Revenue is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts. Revenue and costs on contracts are recognised where the outcome of a contract is reasonably certain. Full provision is made for any losses on contracts at the point the loss is first foreseen.

Depreciation

Depreciation is charged on property, plant and equipment so as to write off the cost or valuation, less any estimated residual value, over their estimated useful life as follows:

Asset class	Depreciation method and rate
Plant and machinery	15% reducing balance
Motor vehicles	25% reducing balance
Office equipment	3 years straight line

Government grants

Grants in respect of capital expenditure are credited to Property, Plant and Equipment and deducted from the cost of the asset to which they relate.

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Long-term contracts

Long-term contracts are assessed on a contract by contract basis and are valued at cost less foreseeable losses less any applicable payments on account. A reasonable proportion of revenue and related costs are recognised in the statement of comprehensive income where the outcome of a contract can be assessed with reasonable certainty.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted or substantially enacted at the statement of financial position date.

Leases

Rentals payable under operating leases are charged in the statement of comprehensive income on a straight line basis over the lease term.

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the statement of financial position and are depreciated over their useful lives. The capital element of future obligations under the leases and hire purchase contracts are included as liabilities in the statement of financial position.

Defined contribution pension obligation

The company operates a defined contribution pension scheme. Contributions are charged in the statement of comprehensive income as they become payable in accordance with the rules of the scheme.

Notes to the Financial Statements for the Year Ended 30 June 2016 (continued)

2 Operating profit

Arrived at after charging/(crediting):

	2016	2015
	£	£
Hire of plant and machinery	408,963	501,177
Operating lease expense - other	40,000	40,000
Audit fees	15,115	14,850
Loss on disposal of property, plant and equipment	39,175	12,047
Depreciation expense	<u>347,516</u>	<u>252,930</u>

3 Staff costs

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2016	2015
	No.	No.
Production	48	53
Administration and support	<u>7</u>	<u>7</u>
	<u>55</u>	<u>60</u>

The aggregate payroll costs were as follows:

	2016	2015
	£	£
Wages and salaries	2,502,229	2,273,309
Social security costs	77,976	73,053
Pension costs, defined contribution scheme	20,703	16,828
Redundancy costs	<u>1,800</u>	<u>-</u>
	<u>2,602,708</u>	<u>2,363,190</u>

Notes to the Financial Statements for the Year Ended 30 June 2016 (continued)

4 Directors' remuneration

The directors' remuneration for the year was as follows:

	2016	2015
	£	£
Directors' remuneration (including benefits in kind)	208,549	194,521
Company contributions paid to money purchase schemes	<u>5,327</u>	<u>5,609</u>
	<u><u>213,876</u></u>	<u><u>200,130</u></u>

During the year the number of directors who were accruing benefits under company pension schemes was as follows:

	2016	2015
	No.	No.
Accruing benefits under money purchase pension scheme	<u>4</u>	<u>4</u>

In respect of the highest paid director:

	2016	2015
	£	£
Remuneration	<u>96,827</u>	<u>88,502</u>

5 Other interest receivable and similar income

	2016	2015
	£	£
Bank interest receivable	<u>7,356</u>	<u>492</u>

6 Interest payable and similar charges

	2016	2015
	£	£
Hire purchase interest	25,286	19,641
Other interest payable	<u>4,363</u>	<u>4,938</u>
	<u><u>29,649</u></u>	<u><u>24,579</u></u>

Notes to the Financial Statements for the Year Ended 30 June 2016 (continued)

7 Income tax

Tax charged in the income statement

	2016 £	2015 £
Current taxation		
UK corporation tax	781,371	745,600
UK corporation tax adjustment to prior periods	-	1,021
	<u>781,371</u>	<u>746,621</u>
Deferred taxation		
Arising from origination and reversal of timing differences	65,798	61,078
Tax expense in the income statement	<u>847,169</u>	<u>807,699</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2015 - lower than the standard rate of corporation tax in the UK) of 20% (2015 - 20.75%).

The differences are reconciled below:

	2016 £	2015 £
Profit before tax	<u>4,040,125</u>	<u>3,910,983</u>
Corporation tax at standard rate	808,025	811,529
Effect of capital allowances and depreciation	(26,528)	(68,190)
Effect of expenses not deductible in determining taxable profit	(126)	2,098
Tax (over)/under provided in prior periods	-	1,021
Other short-term timing differences	-	163
Total current tax charge	<u>781,371</u>	<u>746,621</u>
Deferred tax		
Deferred tax assets and liabilities		

2016

Liability
£

Difference between accumulated depreciation and amortisation and capital allowances

242,629

2015

Liability
£

Difference between accumulated depreciation and amortisation and capital allowances

176,831

Notes to the Financial Statements for the Year Ended 30 June 2016 (continued)

8 Property, Plant and Equipment

	Plant and machinery £	Motor vehicles £	Office equipment £	Total £
Cost				
At 1 July 2015	1,830,270	319,261	68,383	2,217,914
Additions	851,287	74,035	1,031	926,353
Disposals	(210,732)	(18,911)	-	(229,643)
At 30 June 2016	<u>2,470,825</u>	<u>374,385</u>	<u>69,414</u>	<u>2,914,624</u>
Depreciation				
At 1 July 2015	354,190	138,227	64,076	556,493
Charge for the year	289,222	55,412	2,882	347,516
Eliminated on disposal	(66,629)	(17,607)	-	(84,236)
At 30 June 2016	<u>576,783</u>	<u>176,032</u>	<u>66,958</u>	<u>819,773</u>
Carrying amount				
At 30 June 2016	<u>1,894,042</u>	<u>198,353</u>	<u>2,456</u>	<u>2,094,851</u>
At 30 June 2015	<u>1,476,080</u>	<u>181,034</u>	<u>4,307</u>	<u>1,661,421</u>

Revaluation

The plant and machinery class of fixed assets was revalued on 30 June 2013. The basis of this valuation was current value.

On transition to FRS 102, the value of the assets at 30 June 2013 is being taken as deemed cost, and these assets will be held under the cost model going forwards. The excess depreciation on the uplift in value will continue to be transferred from the revaluation reserve to retained earnings in line with FRS 102.

The excess depreciation on the uplift in value compared to historical cost depreciation amounted to £5,784 (2015 - £1,063).

Assets held under finance leases and hire purchase contracts

The net carrying amount of property, plant and equipment includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2016 £	2015 £
Plant and machinery	<u>1,194,362</u>	<u>899,515</u>

The depreciation charge in respect of assets held under finance leases and hire purchase contracts was £180,974 (2015 - £134,688).

Notes to the Financial Statements for the Year Ended 30 June 2016 (continued)

9 Cash and cash equivalents

	2016	2015
	£	£
Cash on hand	303	1,651
Cash at bank	6,569,369	4,214,011
	<u>6,569,672</u>	<u>4,215,662</u>

10 Trade and other receivables

	2016	2015
	£	£
Trade receivables	210,257	173,049
Amounts recoverable on long term contracts	1,916,846	1,855,424
Other receivables	1,466,792	881,107
Prepayments and accrued income	36,494	28,983
	<u>3,630,389</u>	<u>2,938,563</u>

11 Loans and borrowings

	2016	2015
	£	£
Non-current loans and borrowings		
Obligations under finance lease and hire purchase contracts	389,142	289,694
Other loans	-	125,000
	<u>389,142</u>	<u>414,694</u>

	2016	2015
	£	£
Current loans and borrowings		
Obligations under finance lease and hire purchase contracts	272,104	175,306
Other loans	-	50,000
	<u>272,104</u>	<u>225,306</u>

Security

Other loans included a loan from a company pension scheme that was secured against certain fixed assets of the company. The loan was repaid during the year.

Obligations under finance lease and hire purchase contracts are secured against the assets to which the finance relates.

Notes to the Financial Statements for the Year Ended 30 June 2016 (continued)

12 Trade and other payables

	Note	2016 £	2015 £
Due within one year			
Loans and borrowings	11	272,104	225,306
Trade payables		2,205,184	2,315,573
Social security and other taxes		76,528	66,294
Other payables		145,002	102,723
Accruals and deferred income		1,305,268	776,897
Income tax liability	7	781,371	745,600
		<u>4,785,457</u>	<u>4,232,393</u>
Due after one year			
Loans and borrowings	11	<u>389,142</u>	<u>414,694</u>

13 Share capital

Allotted, called up and fully paid shares

	2016		2015	
	No.	£	No.	£
Ordinary shares of £1 each	50,000	50,000	50,000	50,000
A Ordinary (non voting) share of £1 each	1	1	1	1
B Ordinary (non voting) share of £1 each	1	1	1	1
C Ordinary (non voting) share of £1 each	1	1	1	1
D Ordinary (non voting) share of £1 each	1	1	1	1
	<u>50,004</u>	<u>50,004</u>	<u>50,004</u>	<u>50,004</u>

14 Dividends

	2016 £	2015 £
Dividend paid on A Ordinary shares at £79,000 per share (2015 - £179,000 per share)	79,000	179,000
Dividend paid on B Ordinary shares at £39,000 per share (2015 - £129,000 per share)	39,000	129,000
Dividend paid on C Ordinary shares at £129,000 per share (2015 - £121,500 per share)	129,000	121,500
Dividend paid on D Ordinary shares at £60,000 per share (2015 - £60,000 per share)	60,000	60,000
	<u>307,000</u>	<u>489,500</u>

Notes to the Financial Statements for the Year Ended 30 June 2016 (continued)

15 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2016	2015
	£	£
Not later than one year	<u>40,000</u>	<u>40,000</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £40,000 (2015 - £40,000).

16 Related party transactions

Rent of £40,000 (2015 - £40,000) was paid to the Carmac (Building & Civil Engineering) Limited Directors' Pension Scheme. T McGowan, Mrs M McGowan and R McGowan are all trustees of the pension scheme. At the balance sheet date the amount due to the scheme in respect of rent was £nil (2015 - £nil).

During the year dividends of £79,000 (2015 - £179,000) were paid to T McGowan, £39,000 (2015 - £129,000) were paid to R McGowan, £129,000 (2015 - £121,500) were paid to A Morris, and £60,000 (2015 - £60,000) were paid to M McGowan.

During 2014 a loan of £275,000 was provided by Carmac (Building & Civil Engineering) Limited Directors' Pension Scheme, which was secured against assets of the company. T McGowan, Mrs M McGowan and R McGowan are all trustees of the pension scheme. At the balance sheet date the amount due to the scheme was £nil (2015 - £175,000).

Directors' loan accounts

The following balances owed (to)/by the directors were outstanding at the period end:

	2016	2015
	£	£
T McGowan	(6,474)	(6,474)
R McGowan	(4,741)	(4,741)
I Finnie	3,200	-
A Morris	288	288
	<u>(7,727)</u>	<u>(10,927)</u>

No interest is charged in respect of these balances.