Van Elle Limited

Report and Financial statements

Year ended 30 April 2016

Company Number 2590521



Van Elle Limited

Report and financial statements
For the year ended 30 April 2016

Contents

1	Strategic Report
4	Report of the directors
6	Independent auditor's report
8	Statement of comprehensive income
9	Statement of financial position
10	Statement of cash flows
11	Statement of changes in equity
12	Notes forming part of the financial statements

Country of incorporation

United Kingdom

Legal form

Private limited company

Directors

J M Fenton
T Lindup
M Mason
C Bosworth

Registered office

Kirkby Lane, Pinxton, Nottingham, NG16 6JA

Company number

2590521

Auditors

BDO LLP, Two Snowhill, Birmingham, B4 6GA

Van Elle Limited

Strategic Report
for the year ended 30 April 2016

The directors present their Strategic Report for the year ended 30 April 2016

Principal activities

The Company is principally engaged in providing total foundation solutions to the construction, civil engineering and rail sectors, and manufactures and installs a variety of techniques, including open site piling, ground stabilisation, restricted access piling, geotechnical, on-track rail piling, site investigation and the installation of modular foundations

Business review and strategy

The Company has three simple Core Principles which are

- Always work together and help one another
- Always do a good job, and do it safely
- Always make a profit

As a result of adhering to these Core Principles the Company has delivered strong improvements in turnover, profits and return on capital employed, backed by significant investment in both employees and equipment

Turnover for the year grew by 14% to £84,199k (2015 - £73,586k), and gross profit increased 19% with operating profit increasing by 50% to £11,055k (2015 - £7,374k) This shows a good margin performance across each customer focussed segment, resulting from the Company's diversified operating units offering competitive pricing across a wide range of sectors using varied and unique techniques that differentiate the Company's services

The Company continues to invest heavily to deliver the organic growth seen this year and to sustain the business in the coming years Average headcount in the year has increased by 81 employees and capital additions were in excess of £11m This includes £3m on the acquisition of 11 acres of land in Kirkby-in-Ashfield, Nottinghamshire and the commencement of development to i) increase the Company's pre-cast concrete manufacturing capacity to meet demand, ii) expand both office and yard footprints, and iii) build a training academy to develop and deliver our training requirements in-house Also, the Company has purchased previously leased office and yard facilities at Pinxton, Nottinghamshire and Dereham, Norfolk

This significant investment is driven by demand from our customers, with relationships developed through effective delivery, flexibility and excellent service provision that has seen increasing workloads and contract size The Company has seen enquiry levels increase year on year and average contract value grow from £65k to £75k

Safety is paramount and engrained in the culture of Van Elle and the Board is very happy to report that this year we achieved an Accident Frequency Rate of 0 58

This year the Company has adopted International Financial Reporting Standards ("IFRS") in the preparation of these financial statements There is no impact on either the current or prior year financial information as a result of adopting IFRS as detailed in note 25

Market conditions and prospects

Continuing the trend of the previous financial year, economic conditions and investment in the UK infrastructure and areas of Government lead funding initiatives have provided significant opportunity, backed by increasing enquiry levels and conversion rates

The new build housing sector continues to be one of the main contributors to the top line, buoyed by the Government's Help to Buy initiative and this has been enhanced by renewable energy projects, including foundations for wind turbines and energy-from-waste plants

Market conditions and prospects *(continued)*

This year the Company has strengthened its position in the Rail sector, investing further in rail specific assets to increase turnover, client base and market share Network Rail's commitment to spend through the National Electrification Programme and the CP5 Enhancements Delivery Plan continues to provide sustainable revenue During the year the Company was awarded a Principal Contractor Licence and this has allowed the Company to contract directly with Network Rail on the Trackbed Stabilisation Programme over the next three to four years

Further opportunity is expected by the Directors to actively target increasing our market penetration, with further investment in both staff and equipment planned

The burgeoning market in Scotland is also a planned strategic target for the Company, with the Company committing to the lease of an office and yard in April 2016 to enhance our presence through continued inward investment planned during 2016/17

Against this backdrop, the directors are confident that the business is positioned strongly for 2017 and the foreseeable future and will continue to grow its reputation for excellence, in delivering safe, innovative and market leading performance

Industry recognition

In March 2016, the Company was recognised at number 19 in the Sunday Times Profit Fast Track 100 list of the UK's 100 most profitable companies and number 8 in the BDO sponsored East Midlands top 200 fastest growing companies

This year we were named

- 2015 winner of Ground Engineering Awards 'Specialist Contractor of the Year',
- 2015 winner of Construction News Awards 'Specialist Contractor of the Year',
- 2015 winner of Builder's Profile Award for 'Most Engaged Company', and
- 2016 winner of the NCE100 Awards 'Technology Trailblazer'

Employee engagement

To assemble a skilled workforce requires investment and over the past year we have invested in excess of £790k in staff development training This is vital to our success as we want our staff to realise their full potential and align them with the work load requirements ahead of us

The company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retraining of employees who become disabled whilst employed by the company Particular attention is given to the training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the company

Everyone shares in the profit of the company with bonus schemes in place for all staff and labour, based on profit and safety performance

To ensure employee engagement encompasses the whole workforce, the Company has works and innovations committees at which every Division is represented and is chaired by the Director responsible for HR There are three main topics health and safety, training requirements, and continuous process improvements and is the key vehicle for communication between the sites and offices

Internal Controls

During the year the directors have established a Compliance Department to continually review all policies and procedures and refresh the rigour that the internal processes instil within the Company

In addition to this we have upgraded our ERP system which will ensure we keep pace with the growth of the business, increase the levels of efficiency and automation between offices and sites and further enhance the robustness of internal controls

Principal risks

The principal risks and uncertainties that the Company face are considered to include

- exposure to credit risk from debts arising from our operations which the Company manages by careful review of potential customers and strict control of credit,
- aggressive bidding by our competitors impacting on our ability to secure new work which we mitigate through value engineering and innovation in our design to differentiate our solutions from our competitors,
- supply chain price increases and ability to meet demand to which we apply selective criteria when choosing our suppliers to ensure our standards for quality, reliability and financial partnering are satisfied,
- the health and safety at work of our employees and those affected by our activities is a major consideration of the Board and a high priority on our agenda which is monitored by our in house inspection regime, regular monthly site safety visits by managers/directors/Board members, a comprehensive training programme, staff briefings all encompassed in our health and safety initiative Think Safety Act Safely, attracting, developing and retaining excellent people to actively grow the business for which we invest in staff training, personal support and development, graduate sponsorship, and employee engagement to ensure all our people achieve their full potential The Company increased Health and Safety staff by 300% and has applied for planning permission for a training centre at our 11 acre site to create a reservoir of Van Elle trained people

Key Performance Indicators

The key financial performance indicators of the company (which can be seen in the consolidated statement of comprehensive income on page 8) are as follows

- Turnover
- Gross profit
- Operating profit

The directors are satisfied with the performance of the Company in these areas

In addition, the directors record the accident frequency rate as a key non-financial performance indicator and are pleased to report on the excellent performance in this area

On behalf of the Board

J M Fenton
Director

30 January 2017

Van Elle Limited

Report of the directors for the year ended 30 April 2016

The directors present their Directors' Report together with the financial statements for the year ended 30 April 2016

Results and dividends

The statement of other comprehensive income for the year ended 30 April 2016 is set out on page 8 and shows the result for the year

An interim dividend of £4,781k (2015 £183k) was paid to the parent company during the year The directors do not recommend the payment of a final dividend (2015 nil)

Directors

The directors of the company during the year were

M F Ellis (resigned 31 December 2016)
J M Fenton
T Lindup (appointed 11 August 2015)
M Mason
V Handley (resigned 23 December 2016)
C Bosworth

Directors' responsibilities

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 International Financial Reporting Standards Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union 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

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information The directors are not aware of any relevant audit information of which the auditors are unaware

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting

On behalf of the board

J M Fenton
Director

30 January 2017

Van Elle Limited

Independent auditor's report

To the members of Van Elle Limited

We have audited the financial statements of Van Elle Limited for the year ended 30 April 2016 which comprise the statement of comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in equity 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

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www frc org uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 April 2016 and of the profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and report of the directors 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 company, 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

Thomas Lawton (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Birmingham
31 January 2017

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

Van Elle Limited

Statement of comprehensive income
for the year ended 30 April 2016

	Note	2016 £'000	2015 £'000
Revenue		**84,199**	73,586
Cost of sales		**(53,796)**	(48,135)
Gross profit		**30,403**	25,451
Administrative expenses		**(19,348)**	(18,077)
Profit from operations	3	**11,055**	7,374
Finance expense	5	**(344)**	(195)
Finance income	5	**11**	-
Profit before tax		**10,722**	7,179
Tax expense	6	**(2,277)**	(1,609)
Profit after tax		**8,445**	5,570
Other comprehensive income		**-**	-
Total comprehensive income		**8,445**	5,570

All amounts relate to continuing operations

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

Van Elle Limited

Statement of financial position
at 30 April 2016

	Note	2016 £'000	2015 £'000	2014 £'000
Assets				
Non-current assets				
Property, plant and equipment	8	**25,120**	17,204	11,064
Intangible assets	9	**112**	-	-
Investments	10	**73**	73	73
		25,305	17,277	11,137
Current assets				
Inventories	11	**1,611**	1,104	1,072
Trade and other receivables	12	**20,427**	24,988	16,369
Cash and cash equivalents		**3,601**	2,345	975
		25,639	28,437	18,416
Total assets		**50,944**	45,714	29,553
Liabilities				
Current liabilities				
Trade and other payables	13	**14,427**	16,114	10,221
Loans and borrowings	14	**3,500**	2,397	1,421
Corporation tax payable		**1,224**	811	245
		19,151	19,322	11,887
Non-current liabilities				
Loans and borrowings	14	**8,442**	5,890	3,708
Provisions	16	**375**	1,306	405
Deferred tax	17	712	596	340
Total liabilities		**28,680**	27,114	16,340
Net assets		**22,264**	18,600	13,213
Share capital	18	**2**	2	2
Retained earnings		**22,262**	18,598	13,211
Total equity		**22,264**	18,600	13,213

The financial statements were approved and authorised for issue by the Board of Directors on 30 January 2017 and were signed on its behalf by

J M Fenton
Director

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

Van Elle Limited

Statement of cash flows
For the year ended 30 April 2016

	Note	2016 £'000	2015 £'000
Cash flows from operating activities			
Profit for the year		**8,445**	5,570
Adjustments for			
Depreciation of property, plant and equipment		**3,333**	2,351
Finance income		**(11)**	-
Finance expense		**344**	195
Gain on sale of property, plant and equipment		**(53)**	(49)
Income tax expense		**2,277**	1,609
		14,335	9,676
Decrease/(increase) in trade and other receivables		**4,561**	(8,619)
Increase in inventories		**(507)**	(32)
(Decrease)/increase in trade and other payables		**(1,681)**	8,665
(Decrease)/increase in provisions		**(931)**	901
Cash generated from operations		**15,777**	10,591
Interest paid on finance leases and loans		**(344)**	(195)
Interest received		**11**	-
Income taxes paid		**(1,748)**	(787)
Net cash flows from operating activities		**13,696**	9,609
Investing activities			
Purchases of property, plant and equipment		**(6,162)**	(3,367)
Disposal of property, plant and equipment		**97**	73
Purchases of intangibles		**(112)**	-
Net cash used in investing activities		**(6,177)**	(3,294)
Financing activities			
Proceeds from bank borrowings		**1,425**	-
Repayment of bank borrowings		**-**	(8)
Repayment of confidential invoice discounting facility		**(4)**	(2,764)
Payments to finance lease creditors		**(2,903)**	(1,990)
Dividends paid to parent undertaking		**(4,781)**	(183)
Net cash used in financing activities		**(6,263)**	(4,945)
Net increase in cash and cash equivalents		**1,256**	1,370
Cash and cash equivalents at beginning of year		**2,345**	975
Cash and cash equivalents at end of year	22	**3,601**	2,345

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

Van Elle Limited

Statement of changes in equity
For the year ended 30 April 2016

Year ended 30 April 2016	Share capital £'000	Retained earnings £'000	Total equity £'000
1 May 2015	2	18,598	18,600
Comprehensive income for the year			
Profit	-	8,445	8,445
Total comprehensive income for the year	**-**	**8,445**	**8,445**
Contributions by and distribution to owners			
Dividends	-	(4,781)	(4,781)
Total contributions by and distribution to owners	**-**	**(4,781)**	**(4,781)**
30 April 2016	**2**	**22,262**	**22,264**

Year ended 30 April 2015	Share capital £'000	Retained earnings £'000	Total equity £'000
1 May 2014	2	13,211	13,213
Comprehensive income for the year			
Profit	-	5,570	5,570
Total comprehensive income for the year	-	5,570	5,570
Contributions by and distribution to owners			
Dividends	-	(183)	(183)
Total contributions by and distribution to owners	-	(183)	(183)
30 April 2015	2	18,598	18,600

The following describes the nature and purpose of each reserve within equity

Reserves	Description and purpose
Share capital	Amount subscribed for share capital at nominal value
Retained earnings	Cumulative net gains and losses and transactions with owners (e g dividends) not recognised elsewhere

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

1 Accounting policies

Basis of preparation

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

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) The financial statements are presented in Sterling, which is also the Company's functional currency Amounts are rounded to the nearest thousand, unless otherwise stated

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates It also requires Company management to exercise judgment in applying the Company's accounting policies The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 2

The financial statements have been prepared on a historical cost basis,

Changes in accounting policies

a) New standards, interpretations and amendments effective from 1 May 2015

The following new standards, interpretations and amendments were applicable

Clarification of acceptable methods of depreciation and amortisation Amendments to IAS 16 and IAS 38

IAS 27 Separate Financial Statements

Annual improvements to IFRS (2012 – 2104 Cycle)

Disclosure initiative Amendments to IAS 1

These standards did not have a material effect on the financial statements

b) New standards, interpretations and amendments not yet effective

The following new standards, interpretations and amendments, which are not yet effective and have not been adopted early in these financial statements may have an effect on the Company's future financial statements

Standard/amendment	**Effective dates (on or after)**
IFRS 9 Financial Instruments	1 January 2018*
IFRS 15 Revenue from Contracts with Customers	1 January 2018*
IFRS 16 Leases	1 January 2019*
IFRS 15 Revenue from Contracts with Customers	1 January 2018*
Recognition of deferred tax assets for unrealised losses (Amendments to IAS 12)	1 January 2017*
Disclosure initiative Amendments to IAS 7	1 January 2017*
Clarification of IFRS 15 revenue from contracts with customers	1 January 2018*

* Not yet endorsed in the EU

1 **Accounting policies** *(continued)*

Investments

Fixed asset investments are included at cost or valuation less any permanent diminution in value

Intangible assets

Intangible assets are depreciated over their useful economic life unless deemed to have an indefinite life, in which case they are subject to annual impairment review

Provisions

Provisions represent best estimates of expenditure required to settle a present obligation at the balance sheet date, after considering the risks and uncertainties that surround the underlying event

Financial assets

The Company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired The Company has not classified any of its financial assets as held to maturity

The Company's accounting policy for each category is as follows

Fair value through profit or loss

The Company does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss

Loans and receivables

These 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 transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the customer or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable and 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 statement of comprehensive income On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision

The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and - for the purpose of the statement of cash flows - bank overdrafts Bank overdrafts are shown within loans and borrowings in current liabilities on the statement of financial position

1 Accounting policies *(continued)*

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired

The Company's accounting policy for each category is as follows

Fair value through profit or loss

The Company does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss

Other financial liabilities

Other financial liabilities include the following items

- Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding

- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method

Share capital

The Company's ordinary shares are classified as equity instruments

Defined contribution pension schemes

Contributions to defined contribution pension schemes are charged to the statement of comprehensive income in the year to which they relate

Leased assets

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Company (a "finance lease"), the asset is treated as if it had been purchased outright The amount initially recognised as an asset is the lower of the fair value of the leased asset and the present value of the minimum lease payments payable over the term of the lease The corresponding lease commitment is shown as a liability Lease payments are analysed between capital and interest The interest element is charged to the statement of comprehensive income over the period of the lease and is calculated so that it represents a constant proportion of the lease liability The capital element reduces the balance owed to the lessor

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Company (an "operating lease"), the total rentals payable under the lease are charged to the statement of comprehensive income on a straight-line basis over the lease term The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis

1 **Accounting policies** *(continued)*

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

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on the initial recognition of an asset or liability in a transaction and at the time of the transaction affects neither accounting or taxable profit

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/(assets) are settled/(recovered)

Property, plant and equipment

Items of property, plant and equipment are recognised at cost As well as the purchase price, cost includes directly attributable costs and the estimated present value of any residual value The corresponding liability is recognised within provisions

Freehold land is not depreciated Depreciation on assets under construction does not commence until they are complete and available for use Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives It is provided at the following rates

Freehold buildings	-	10% per annum straight line
Plant and machinery	-	10%-20% per annum straight line
Office equipment	-	10%-25% per annum straight line
Motor vehicles	-	10%-25% per annum straight line

Inventories

Inventories are initially recognised at cost, and comprise raw materials and consumables held in storage or on project sites and work-in-progress

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition

Work-in-progress represents amounts recoverable on contracts that have not yet been charged to customers and included within revenue

1 Accounting policies *(continued)*

Revenue

Turnover represents the total amounts receivable by the Company for goods supplied and services provided and work performed on contracts not yet invoiced, excluding value added tax and trade discounts The Company's turnover arises in the UK

In the case of long term contracts, turnover reflects the contract activity during the year and represents the proportion of total contract value which costs incurred to date bear to total expected contract cost

2 Critical accounting estimates and judgements

The Company makes certain estimates and assumptions regarding the future Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances In the future, actual experience may differ from these estimates and assumptions The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below

Impairment of other intangible assets and investments
Other intangible assets and investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable When a review for impairment is conducted the recoverable amount of the asset is based on the net present value of future cash flows expected to arise from the continuing operation of the entities using an appropriate discount rate

Useful lives of property, plant and equipment
Property, plant and equipment are depreciated over their estimated useful economic lives based on management's estimates of the period that the assets will generate revenue, which are periodically reviewed for appropriateness

Contracts
The Company recognises contracts on the timing of services rendered and has ensured appropriate cut-off procedures have been performed In addition, the Company has considered and made appropriate provision for loss making contracts

Bad debt provisions
The Company has recognised impairment provisions in respect of bad and doubtful trade debtors The judgements and estimates necessary to calculate these provisions are based on historical experience and other reasonable factors

Warranty and claims provisions
The Company has recognised provisions in respect of possible warranties claims and claims for issues in delivery of services that are considered appropriate to the nature of the business and the history of claims received The Company has insurance against delivery of service issues and only provides for any excess above the cover of insurance The judgements and estimates necessary to calculate these provisions are based on historical experience and other reasonable factors

3 Expenses by nature

	2016 £'000	2015 £'000
Depreciation of property, plant and equipment	**3,333**	2,351
Operating lease expense		
- Plant and machinery on short term hire	**3,871**	3,480
- Other	**159**	235
Profit on disposal of property, plant and equipment	**(53)**	(49)
Fees payable to the company's auditor or an associate of the company's auditor for the auditing of the company's annual accounts	**31**	27
Fees payable to the company's auditor or an associate of the company's auditor for taxation compliance services	**4**	4
Fees payable to the company's auditor or an associate of the company's auditor for other non-audit services	**52**	28
Costs of services based claims made against the Company	**950**	-
Insurance proceeds received in respect of services based claims made against the Company	**(900)**	-

4 Employee benefit expenses

	2016 £'000	2015 £'000
Employee benefit expenses (including directors) comprise		
Wages and salaries	**21,236**	17,805
Defined contribution pension cost	**2,517**	1,952
Social security contributions and similar taxes	**257**	183
	24,010	19,940

The average number of employees (including directors) during the year was as follows

	2016 Number	2015 Number
Weekly paid staff	**317**	262
Salaried staff	**148**	122
	465	384

4 Employee benefit expenses *(continued)*

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including the directors of the company, the Director of Finance and Operating Unit Divisional Directors

	2016 £'000	2015 £'000
Salary	**1,545**	2,119
Pension costs	**12**	10
Amounts paid to third parties in respect of directors' services	**-**	449
	1,557	2,578

Directors' remuneration

	2016 £'000	2015 £'000
Directors' emoluments	**722**	1,407
Company contributions to defined contribution pension schemes	**-**	-
Amounts paid to third parties in respect of directors' services	**-**	449

The total amount payable to the highest paid director in respect of emoluments was £187k (2015 £615k, 2014 £336k) Company pension contributions of £Nil (2015 £Nil) were made to defined contribution schemes on their behalf

The payments noted above include payments of £nil (2015 £449k) in respect of certain services provided by the directors All tax related matters in respect of these payments have been agreed with HMRC and settled in full

5 Finance income and expense

	2016 £'000	2015 £'000
Finance income		
Interest received on bank deposits	**11**	-
Total finance income	11	-
Finance expense		
Finance leases	**(323)**	(195)
Loan interest	**(21)**	-
	(344)	(195)

6 Tax expense

	2016 £'000	2015 £'000
Current tax expense		
Current tax on profits for the year	**2,071**	1,289
Adjustment for under provision in prior periods	**90**	34
Group relief	**-**	30
Total current tax	**2,161**	1,353
Deferred tax expense		
Origination and reversal of temporary differences	**105**	205
Recognition of previously unrecognised deferred tax assets	**11**	51
Total deferred tax	**116**	256
Total tax expense	**2,277**	1,609

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profits for the year are as follows

	2016 £'000	2015 £'000
Profit before income taxes	**10,722**	7,179
Tax using the standard corporation tax rate of 20% (2015 - 20 92%)	**2,144**	1,502
Adjustment for under/(over) provision in previous periods	**101**	85
Expenses not deductible for tax purposes	**55**	13
Short term timing differences/Other	**(23)**	9
Total tax expense	**2,277**	1,609

Changes in tax rates and factors affecting the future tax charge

As announced during the July 2015 budget the main rate of corporation tax will reduce to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020 These tax rate reductions have been reflected in the financial statements as necessary in respect of the provision for deferred tax

7 Dividends

	2016 £'000	2015 £'000
Ordinary shares		
Interim dividend of £74 88 per share	**-**	183
Dividend of £1,903 02 per share	**4,781**	-
	4,781	183

8 Property, plant and equipment

	Land and buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Office equipment £'000	Total £'000
Cost					
At 1 May 2014	1,403	17,524	4,393	966	24,286
Additions	520	5,866	2,125	4	8,515
Disposals	-	(231)	(52)	-	(283)
At 30 April 2015 & 1 May 2015	1,923	23,159	6,466	970	32,518
Additions	2,929	6,539	1,668	157	11,293
Disposals	-		(75)	-	(75)
At 30 April 2016	**4,852**	**29,698**	**8,059**	**1,127**	**43,736**
Accumulated depreciation					
At 1 May 2014	20	9,525	2,936	741	13,222
Provided for in the year	95	1,746	477	33	2,351
Disposals	-	(227)	(32)	-	(259)
At 30 April 2015 & 1 May 2015	115	11,044	3,381	774	15,314
Depreciation	107	2,430	743	53	3,333
Disposals	-	-	(31)	-	(31)
At 30 April 2016	**222**	**13,474**	**4,093**	**827**	**18,616**
Net book value					
At 1 May 2014	1,383	7,999	1,457	225	11,064
At 1 May 2015	1,808	12,115	3,085	196	17,204
At 30 April 2016	**4,630**	**16,224**	**3,966**	**300**	**25,120**

Included within property, plant and equipment are the following amounts held under finance leases

	Motor vehicles			Plant and equipment		
	2016 £'000	**2015 £'000**	**2014 £'000**	**2016 £'000**	**2015 £'000**	**2014 £'000**
Net book value	**1,931**	890	1,242	**12,533**	9,364	5,468
Depreciation charged	**(651)**	(210)	(266)	**(2,779)**	(929)	(520)

9 Intangible assets

	Software £'000
Cost and Net Book Value	
At 1 May 2014 & 1 May 2015	-
Additions	112
At 30 April 2016	**112**

10 Fixed asset investments

	Group undertakings £'000
Cost	73
At 1 May 2014, 1 May 2015 and 30 April 2016	**73**

Subsidiary undertakings, associated undertakings and other investments

The principal undertakings in which the company's interest at the year end is 20% or more are as follows

	Class of share capital held	Proportion of share capital held	Nature of business
Subsidiary undertakings			
A&G (Steavenson) Limited *	Ordinary	75%	Dormant
Dram Investments Limited *	Ordinary	100%	Dormant
Van Elle 15 Limited *	Ordinary	100%	Dormant

* Denotes subsidiaries exempt from preparing individual accounts by virtue of s394A of the Companies Act 2006

11 Inventories

	2016 £'000	2015 £'000	2014 £'000
Raw materials and consumables	**994**	672	709
Work-in-progress	**617**	432	363
	1,611	1,104	1,072

Work-in-progress represents amounts recoverable on contracts that have not yet been charged to customers within revenue

There were no impairment losses relating to damaged or obsolete inventories in the current or previous periods The cost of inventories expensed during the period was £2,323k (2015 £2,407k, 2014 £1,421k)

12 Trade and other receivables

	2016 £'000	2015 £'000	2014 £'000
Trade receivables	**15,127**	15,551	9,656
Less provision for impairment of trade receivables	**(25)**	(94)	(50)
Trade receivables - net	**15,102**	15,457	9,606
Receivables from related parties	**213**	299	477
Amounts owed by group undertakings	**3,731**	8,078	5,155
Prepayments	**1,329**	693	927
Other receivables	**52**	461	204
Total trade and other receivables	20,427	24,988	16,369

The carrying value of trade and other receivables classified as loans and receivables approximates fair value

All amounts shown under receivables fall due within one year and trade receivables include amounts recoverable on contracts that have been charged to customers and recorded within revenue

As at 30 April 2016 trade receivables of £6,264k (2015 - £7,698k, 2014 - £5 049k) were past due but not impaired They relate to the customers with no default history The ageing analysis of these receivables is as follows

	2016 £'000	2015 £'000	2014 £'000
Up to 3 months	**5,973**	7,123	4,854
3 to 6 months	**140**	550	110
6 to 12 months	**151**	25	85
	6,264	7,698	5,049

12 Trade and other receivables *(continued)*

Movements in the impairment allowance for trade receivables are as follows

	2016 £'000	2015 £'000	2014 £'000
At 1 May	**94**	50	55
Increase during the year	**(24)**	56	18
Receivable written off during the year as uncollectible	**(45)**	(12)	(23)
At 30 April	**25**	94	50

The movement in the impairment allowance for trade receivables has been included in the administrative expenses line in the statement of comprehensive income

Other classes of financial assets included within trade and other receivables do not contain impaired assets

13 Trade and other payables

	2016 £'000	2015 £'000	2014 £'000
Trade payables	**12,622**	11,916	8,117
Other payables	**829**	2,264	981
Accruals	**449**	876	541
Amounts owed to group undertakings	**144**	144	179
Other tax and social security payments	**383**	914	403
Total Trade and other payables	**14,427**	16,114	10,221

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value

Amounts totalling £nil (2015 - £4k) within other payables relate to funding arrangements and are secured by a charge over debtors of the Company

Although repayable on demand the amounts owed to group undertakings are not expected to be substantially repaid within 12 months of the date of approval of these financial statements

14 Loans and borrowings

The book value and fair value of loans and borrowings are as follows

	Book value 2016 £'000	Fair value 2016 £'000	Book value 2015 £'000	Fair value 2015 £'000	Book value 2014 £'000	Fair value 2014 £'000
Non-Current						
Secured loans	**1,275**	**1,275**	-	-	-	-
Finance leases	**7,167**	**7,167**	5,890	5,890	3,708	3,708
	8,442	**8,442**	5,890	5,890	3,708	3,708
Current						
Secured loans	**150**	**150**	-	-	-	-
Finance leases	**3,350**	**3,350**	2,397	2,397	1,421	1,421
	3,500	**3,500**	2,397	2,397	1,421	1,421
Total loans and borrowings	**11,942**	**11,942**	8,287	8,287	5,129	5,129

Maturity of debt

	Secured loans 2016 £'000	Secured loans 2015 £'000	Secured loans 2014 £'000
Due within one year	**150**	-	-
Due 2 to 5 years	**600**	-	-
Due more than 5 years	**675**	-	-
	1,425	-	-

15 Leases

Finance leases - lessee

Future lease payments are due as follows

	Minimum lease payments £'000	Interest £'000	Present Value £'000
2016			
Not later than one year	**3,710**	**360**	**3,350**
Between one year and five years	**7,938**	**771**	**7,167**
	11,648	**1,131**	**10,517**
Current liabilities	**3,710**	**360**	**3,350**
Non-current liabilities	**7,938**	**771**	**7,167**
2015			
Not later than one year	2,663	266	2,397
Between one year and five years	6,544	654	5,890
	9,207	920	8,287
Current liabilities	2,663	266	2,397
Non-current liabilities	6,544	654	5,890
2014			
Not later than one year	1,572	151	1,421
Between one year and five years	4,101	393	3,708
	5,673	544	5,129
Current liabilities	1,572	151	1,421
Non-current liabilities	4,101	393	3,708

Operating leases - lessee

The total future value of minimum lease payments is due as follows

	2016 £'000	2015 £'000	2014 £'000
Due within one year	163	37	232
Due 2 to 5 years	571	28	-
Due more than 5 years	**2,034**	-	-
	2,768	65	232

16 Provisions

	Warranty provision £'000	Insurance provision £'000	Total £'000
At 1 May 2014	335	70	405
Charged to profit or loss	856	265	1,121
Utilised in year	(150)	(70)	(220)
At 30 April 2015 & 1 May 2015	1,041	265	1,306
Utilised in year	(369)	(60)	(429)
Additional provision	33	-	33
Released in year	(535)	-	(535)
At 30 April 2016	**170**	**205**	**375**
Due within one year or less	-	-	-
Due after more than one year	170	205	375
	170	**205**	**375**

Warranty Provision relates to workmanship claims and is based on potential costs to make good defects and associated legal and professional fees in contesting the claims, net of amounts covered by insurance

Insurance Provision comprises insurance policy excesses associated with insurance claims

17 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 18% (2015 - 20%, 2014 - 20%) being the rates at which deferred tax is expected to reverse in the future

The movement on the deferred tax account is as shown below

	2016 £'000	2015 **£'000**	**2014 £'000**
At 1 May	**596**	340	142
Recognised in profit and loss	-	-	-
Tax expense	**116**	256	198
At 30 April	712	596	340

All the above relates to accelerated capital allowances

18 Share capital

Allotted, called-up and fully paid	2016 £'000	2015 £'000	2014 £'000
2,448 ordinary shares of 100p each	**2**	2	2

19 Related party transactions

Details of directors' remuneration and key management personnel remuneration are given in note 4

Related party relationship	Type of transaction	Transaction amount 2016 £'000	2015 £'000	2014 £'000
Directors	Directors' loans	**120**	299	477
Companies in which directors or their immediate family have a significant/ controlling interest	Rent paid	**66**	165	165
	Purchase of property	**1,350**	350	-

Related party relationship	Type of transaction	Balance owed 2016 £'000	2015 £'000	2014 £'000
Directors	Directors' loans	**213**	299	477
Companies in which directors or their immediate family have a significant/ controlling interest	Rent paid	-	-	-
	Purchase of property	-	-	-

The Company has not made any allowance for bad or doubtful debts in respect of related party debtors nor has any guarantee been given or received during 2016 or 2015 regarding related party transactions

20 Capital commitments

	2016 £'000	2015 £'000	2014 £'000
Contracted but not provided for	**1,490**	70	-

21 Financial instruments

General objectives, policies and processes

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function The Board receives monthly reports from the Director of Finance through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets The Company's Compliance and Health & Safety Departments also review the risk management policies and processes and report their findings to the Board

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility Further details regarding these policies are set out below

Credit risk

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations It is Company policy, to assess the credit risk of all existing and new customers on a contract by contract basis before entering contracts

The Board has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered The Company's review includes external ratings, when available, and in some cases bank references Total contract limits are established for each customer, which represents the maximum exposure permissible without requiring approval from the Board

Fair value and cash flow interest rate risk

It is currently company policy that 100% of external company borrowings (excluding short-term overdraft facilities and finance lease payables) are fixed rate borrowings Divisions are not permitted to borrow short or long-term from external sources

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due and the management of working capital, debt and cash balances

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 90 days The Company also seeks to reduce liquidity risk by fixing interest rates (and hence cash flows) on its long-term borrowings, this is further discussed in the 'interest rate risk' section above

The Board receives rolling 3-month cash flow projections on a weekly basis At the end of the financial year, these projections indicated that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down on its agreed £2,500k overdraft facility

21 Financial instruments *(continued)*

Financial instruments by category

Financial assets	2016 £'000	2015 £'000	2014 £'000
Cash and cash equivalents	**3,601**	2,345	975
Trade and other receivables	**20,427**	24,988	16,369
Less Prepayments	**(1,329)**	(693)	(927)
Total current financial assets	**22,699**	26,640	16,417

Financial Liabilities	2016 £'000	2015 £'000	2014 £'000
Trade and other payables	**14,427**	16,114	10,221
Less Tax and social security creditors	**(383)**	(914)	(403)
Secured loans	**150**	-	-
Total current financial liabilities	**14,194**	15,200	9,818

Financial Liabilities	2016 £'000	2015 £'000	2014 £'000
Trade and other payables	**-**	-	-
Less Tax and social security creditors	**-**	-	-
Secured loans	**1,275**	-	-
Total non-current financial liabilities	**1,275**	-	-

Financial instruments not measured at fair value

Financial instruments not measured at fair value includes cash and cash equivalents, trade and other receivables, trade and other payables, and loans and borrowings

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, trade and other payables approximates their fair value

22 Notes supporting statement of cash flows

Cash and cash equivalents for purposes of the statement of cash flows comprises

	2016 £'000	2015 £'000
Cash at bank available on demand	3,550	2,306
Cash on hand	51	39
	3,601	2,345
Significant non-cash transactions		
Purchase of fixed assets on hire purchase	5,132	5,148

23 Events after the balance sheet date

Subsequent to the balance sheet date, the company has been notified of a possible liability related to payments allegedly due to a former employee, pursuant to historic employment arrangements It is not possible, at the date of approval of the financial statements, to establish whether an actual liability exists nor, in the case that it does, the potential financial impact, if any, that may arise The company is actively investigating the matter, including as to whether any other individuals may bring forward a similar claim and accordingly is not in a position to disclose further information at this time

24 Ultimate parent company

The company is a subsidiary of Van Elle 03 Limited which is the ultimate parent company incorporated in the United Kingdom

The largest and smallest group in which the results of the company are consolidated is that headed by Van Elle 03 Limited, incorporated in the United Kingdom The consolidated accounts of this company are available to the public and may be obtained from Companies House No other group accounts include the results of the company

25 First time adoption of IFRSs

	Equity as at 1 May 2014 £'000	Retained profit for the year ended 30 April 2015 £'000	Equity as at 30 April 2015 £'000
As previously stated under former UK GAAP	13,213	5,387	18,600
As stated in accordance with IFRSs	13,213	5,387	18,600

The company has adopted IFRSs for the first time for the year ended 30 April 2016 The adoption of IFRSs has not resulted in any changes to the results for the comparative years ended 30 April 2015 or 30 April 2014 or the financial position at 1 May 2015, 1 May 2014 or 1 May 2013