

SEH (Asphalt) Limited

Unaudited Report and Financial Statements

Year Ended

31 December 2017

Company Number 02707607



SEH (Asphalt) Limited

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SEH (Asphalt) Limited

Chartered Accountants' Report to the board of directors on the preparation of the unaudited financial statements of SEH (Asphalt) Limited for the year ended 31 December 2017

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of SEH (Asphalt) Limited for the year ended 31 December 2017 which comprise the statement of financial position, the statement of changes in equity and the related notes from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance/>.

This report is made solely to the board of directors of SEH (Asphalt) Limited, as a body, in accordance with the terms of our engagement letter dated 20 February 2018. Our work has been undertaken solely to prepare for your approval the accounts of SEH (Asphalt) Limited and state those matters that we have agreed to state to the board of directors of SEH (Asphalt) Limited, as a body, in this report in accordance with ICAEW Technical Release TECH07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than SEH (Asphalt) Limited and its board of directors as a body for our work or for this report.

It is your duty to ensure that SEH (Asphalt) Limited has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and profit of SEH (Asphalt) Limited. You consider that SEH (Asphalt) Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of SEH (Asphalt) Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory accounts.

BDO LLP

BDO LLP

Chartered Accountants

Ipswich

United Kingdom

29th June 2018

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

SEH (Asphalt) Limited
Registered number: 02707607

Statement of financial position
As at 31 December 2017

	Note	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Tangible assets	4		378,404		374,459
Current assets					
Stocks	5	4,642		3,522	
Debtors: amounts falling due after more than one year	6	255,689		203,459	
Debtors: amounts falling due within one year	6	1,119,616		947,345	
Cash at bank and in hand		1,267,011		1,364,397	
		<u>2,646,958</u>		<u>2,518,723</u>	
Creditors: amounts falling due within one year	7	(1,183,678)		(1,123,145)	
Net current assets			<u>1,463,280</u>		<u>1,395,578</u>
Total assets less current liabilities			<u>1,841,684</u>		<u>1,770,037</u>
Creditors: amounts falling due after more than one year	8		(7,084)		(37,202)
Provisions for liabilities					
Deferred tax	9		(5,660)		(6,225)
Net assets			<u><u>1,828,940</u></u>		<u><u>1,726,610</u></u>

SEH (Asphalt) Limited
Registered number: 02707607

Statement of financial position (continued)
As at 31 December 2017

	Note	2017 £	2016 £
Capital and reserves			
Called up share capital		62,505	62,505
Share premium account		4,227	4,227
Profit and loss account		1,762,208	1,659,878
		<u>1,828,940</u>	<u>1,726,610</u>

The directors consider that the company is entitled to exemption from audit under section 479A of the Companies Act 2006.

The members have not required the company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

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


.....
R W Neall
Director

Date: 25 June 2018

The notes on pages 5 to 13 form part of these financial statements.

SEH (Asphalt) Limited

Statement of changes in equity For the year ended 31 December 2017

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2017	62,505	4,227	1,659,878	1,726,610
Comprehensive income for the year				
Profit for the year	-	-	402,330	402,330
Total comprehensive income for the year	-	-	402,330	402,330
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(300,000)	(300,000)
Total transactions with owners	-	-	(300,000)	(300,000)
At 31 December 2017	62,505	4,227	1,762,208	1,828,940

Statement of changes in equity For the year ended 31 December 2016

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2016	62,505	4,227	1,646,551	1,713,283
Comprehensive income for the year				
Profit for the year	-	-	213,327	213,327
Total comprehensive income for the year	-	-	213,327	213,327
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(200,000)	(200,000)
Total transactions with owners	-	-	(200,000)	(200,000)
At 31 December 2016	62,505	4,227	1,659,878	1,726,610

The notes on pages 5 to 13 form part of these financial statements.

SEH (Asphalt) Limited

Notes to the financial statements For the year ended 31 December 2017

1. General information

SEH (Asphalt) Limited is a private company limited by shares incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention 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 judgement in applying the company's accounting policies (see note 3).

The entity is a private company limited by shares.

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 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 One Group Construction Limited as at 31 December 2017 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

2.3 Turnover

Turnover consists of income derived from short term and long term contracts on a variety of differing commercial projects. Invoices for short term contracts are raised as the work progresses and turnover is realised accordingly. Turnover for long term contracts is stated at cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous periods. The amounts of profit attributable to the stage of completion of a long term contract is recognised when the outcome can be foreseen with reasonable certainty. Provision is made for any losses which are foreseen. Applications for stage payments are issued on a monthly basis and are net of value added tax, where appropriate, and trade discounts.

SEH (Asphalt) Limited

Notes to the financial statements For the year ended 31 December 2017

2. Accounting policies (continued)

2.4 Tangible fixed assets and depreciation

Tangible fixed assets under the cost model 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.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Land is not depreciated.

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

Freehold property	-	2% - 10% straight line
Plant & machinery	-	12.5% - 20% reducing balance
Motor vehicles	-	25% reducing balance
Furniture, fitting and equipment	-	20% reducing balance

2.5 Impairment of fixed assets

Assets that are subject to depreciation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.6 Leased assets: Lessee

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

SEH (Asphalt) Limited

Notes to the financial statements For the year ended 31 December 2017

2. Accounting policies (continued)

2.7 Long-term contracts

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments received from clients. Payments received from clients in excess of the turnover recognised are included within payments on account in creditors. Amounts included within work in progress represent costs incurred on contracts in their initial stages as at the year end for which no application for payment has been made.

2.8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

At each reporting 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.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.10 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.

2.11 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.

2.12 Pension

Contributions to the group's defined contribution pension scheme are charged to profit or loss in the year in which they become payable.

2.13 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 statement of financial position 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 statement of financial position.

SEH (Asphalt) Limited

Notes to the financial statements For the year ended 31 December 2017

2. Accounting policies (continued)

2.14 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.

2.15 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 reporting 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 statement of financial position 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 reporting date.

2.16 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.

3. Employees

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

	2017 £	2016 £
Wages and salaries	783,685	694,709
Social security costs	75,221	71,512
Cost of defined contribution scheme	24,129	20,100
	883,035	786,321

SEH (Asphalt) Limited

Notes to the financial statements For the year ended 31 December 2017

4. Tangible fixed assets

	Freehold property £	Plant & machinery etc. £	Total £
Cost or valuation			
At 1 January 2017	56,217	565,184	621,401
Additions	-	83,518	83,518
Disposals	-	(58,861)	(58,861)
At 31 December 2017	56,217	589,841	646,058
Depreciation			
At 1 January 2017	9,225	237,717	246,942
Charge for the year on owned assets	450	67,869	68,319
Disposals	-	(47,607)	(47,607)
At 31 December 2017	9,675	257,979	267,654
Net book value			
At 31 December 2017	46,542	331,862	378,404
At 31 December 2016	46,992	327,467	374,459

The net book value of plant and machinery for the company includes an amount of £179,815 (2016 - £209,589) in respect of assets held under finance lease and hire purchase contracts.

Such assets are generally classified as finance leases as the rental period amounts to the estimated useful economic life of the assets concerned and often the company has the right to purchase the assets outright at the end of the minimum lease term by paying a nominal amount.

5. Stocks

	2017 £	2016 £
Raw materials and consumables	4,642	3,522

Stock recognised in cost of sales during the year as an expense was £3,444,276 (2016 - £1,982,234).

SEH (Asphalt) Limited

Notes to the financial statements For the year ended 31 December 2017

6. Debtors

	2017 £	2016 £
Due after more than one year		
Trade debtors	<u>255,689</u>	<u>203,459</u>
	2017 £	2016 £
Due within one year		
Trade debtors	83,621	133,797
Amounts owed by group undertakings	79,595	133,643
Other debtors	5,532	5,191
Amounts recoverable on long term contracts	950,868	674,714
	<u>1,119,616</u>	<u>947,345</u>

7. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	606,178	752,829
Amounts owed to group undertakings	252,403	173,826
Corporation tax	85,593	37,070
Taxation and social security	26,107	27,311
Obligations under finance lease and hire purchase contracts	28,333	26,548
Other creditors	185,064	105,560
	<u>1,183,678</u>	<u>1,123,144</u>

The finance lease and hire purchase creditors of £35,417 (2016 - £63,750) are secured on the net assets to which they relate.

SEH (Asphalt) Limited

Notes to the financial statements For the year ended 31 December 2017

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

	2017 £	2016 £
Net obligations under finance leases and hire purchase contracts	<u>7,084</u>	<u>37,202</u>

The finance lease and hire purchase creditors of £35,417 (2016 - £63,750) are secured on the net assets to which they relate.

The maturity of obligations under finance leases and hire purchase contracts are as follows:

9. Deferred taxation

	2017 £
At beginning of year	6,225
Charged to the profit or loss	(565)
At end of year	<u><u>5,660</u></u>

The provision for deferred taxation is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	5,900	6,458
Short term timing differences	(240)	(233)
	<u><u>5,660</u></u>	<u><u>6,225</u></u>

10. Pension costs

The company is a member of the group's defined contribution pension scheme, the assets of which 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 scheme and amounted to £24,129 (2016 - £20,100).

Included within creditors is £1,415 (2016 - £1,367) relating to outstanding pension contributions.

SEH (Asphalt) Limited

Notes to the financial statements For the year ended 31 December 2017

	2017 £	2016 £
Sales		
S.E.H. (Ipswich) Limited	382,844	427,184
Emmitt Plant Limited	-	3,916
SEH French Limited	49,086	22,211
Jackson Frameworks Limited	70,601	30,154
Total	502,531	483,465

Related party transactions (continued)

	2017 £	2016 £
Purchases		
S.E.H. (Ipswich) Limited	1,103	1,394
Emmitt Plant Limited	85,118	88,011
One Group Construction Limited	29,022	27,945
SEH (Property and Administration) Limited	3,044	2,061
Jackson Civil Engineering Group Limited	3,885	3,106
Total	122,172	122,517

During the year, management charges of £73,474 (2016 - £74,518) were paid to SEH (Property and Administration) Limited, a fellow group subsidiary.

During the year, group interest of £10,080 (2016 - £8,945) was received from SEH (Property and Administration) Limited, a fellow group subsidiary.

During the year, in addition to the above table, rent of £600 (2016 - £600) was paid to SEH (Property and Administration) Limited, a fellow group subsidiary.

The following amounts included within amounts due to fellow group subsidiaries were outstanding at 31 December 2017:

	2017 £	2016 £
Creditors		
Emmitt Plant Limited	11,512	13,286
SEH Group Limited	240,000	160,000
Jackson Civil Engineering Group Limited	-	540
One Group Construction Limited	891	-
Total	252,403	173,826

SEH (Asphalt) Limited

Notes to the financial statements For the year ended 31 December 2017

Related party transactions (continued)

The following amounts included within amounts due from fellow group subsidiaries were outstanding at 31 December 2017:

	2017 £	2016 £
Debtors		
S.E.H. (Ipswich) Limited	11,192	68,098
SEH French Limited	26,955	4,859
SEH (Property and Administration) Limited	41,448	60,686
Total	79,595	133,643

During the year the company proposed dividends amounting to £300,000 (2015 - £200,000). Of these dividends £240,000 (2016 - £160,000) are payable to SEH Group Limited, £30,000 (2016 - £20,000) to D W Brown and £30,000 (2016 - £20,000) to G A Day.

11. Ultimate parent undertaking and controlling party

The company is controlled by SEH Group Limited. The ultimate controlling party is One Group Construction Limited.

The only group for which the results of the company are consolidated is that headed by One Group Construction Limited, the company's ultimate parent undertaking, which is registered in England and Wales. Copies of the consolidated financial statements are available from Companies House, Crown Way, Cardiff, CF14 3UZ. The registered office of One Group Construction Limited is 30 White House Road, Ipswich, Suffolk, IP1 5LT.