Company Registration No. 02790049 (England and Wales)

ARMAC DEMOLITION LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

THURSDAY

A719Z778

A19 08/03/2018 #7

COMPANIES HOUSE

ARMAC DEMOLITION LIMITED

COMPANY INFORMATION

Directors	Mr M Dudley Mr A McLean Mr N McLean
Secretary	Mr N McLean
Company number	02790049
Registered office	Stonebridge House Kenilworth Road Meriden Warwickshire CV7 7LJ
Auditor	Jerroms The Exchange Haslucks Green Road Shirley West Midlands B90 2EL
Business address	Stonebridge House Kenilworth Road Meriden Warwickshire CV7 7LJ

ARMAC DEMOLITION LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 6
Profit and loss account	7
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12 - 26

ARMAC DEMOLITION LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2017

The directors present the strategic report for the year ended 30 June 2017.

Fair review of the business
The profit for the year, after taxation is £215,846 (2016: £235,617) .

Principal risks and uncertainties
The principal risks and uncertainties facing the company are broadly grouped as competitive and legislative.

Competitive risks
The company is reliant on main contractors / public sector work which are subject to competitive tender. Awarding of these contracts is uncertain and based on financial and performance criteria. The company has and is continuing to endeavour to work with blue chip organisations .

Legislative risks
Being in the demolition industry health and safety legislation is strict particularly in relation to asbestos. The company takes its health and safety training very seriously and the directors are proud of the company's safety record.

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

	2017 £'000	2016 £'000
Turnover	16,314	13,900
Change +17.4%		
Operating Profit	313	352
Change -11.1%		
Shareholder's equity as % of current liabilities	87.6%	87.1%
Change +0.6%		
Current assets as % of current liabilities	132%	128%
Change +3.1%		

Key performance indicators
The Company despite the economic uncertainty has increased its turnover for the year which was the main objective set by the Directors for the year.

Other performance indicators
The directors have set out to to improve the Company's excellent Health and Safety record and continue to invest heavily in training and the latest plant and equipment.

Other information and explanations

The Directors are pleased to announce that our £1 million state of the art Plant and Transport Maintenance Workshop is nearing completion which combined with the acquisition of our new Group Headquarters Office-Stonebridge House allows the business to meet the future with the right team and equipment establishing Armac as one of the leading companies in the demolition market.

We have further extended our plant range with the acquisition of a new purpose built 41 metre telescopic high reach caterpillar machine which will be ready for work on site in January 2018.

By order of the Board



Mr N McLean
Secretary
14 December 2017

ARMAC DEMOLITION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2017

The directors present their report and financial statements for the year ended 30 June 2017.

Principal activities
The principal activity of the company continued to be that of crushing and demolition services.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr M Dudley
Mr A McLean
Mr N McLean

Results and dividends
The results for the year are set out on page 7.

No dividend has been paid or proposed for the year, on the Ordinary "A" Shares of £1 each. A dividend of £5,000 per share was paid on the Ordinary "B" shares ,however, one of the shareholders of Ordinary "B" Shares declined payment of dividend.

Market value of land and buildings
The company does not own any land and buildings.

Auditor
The auditor, Jerroms, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

By order of the board

Mr N McLean
Secretary
14 December 2017

ARMAC DEMOLITION LIMITED

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ARMAC DEMOLITION LIMITED

Opinion

We have audited the financial statements of Armac Demolition Limited (the 'company') for the year ended 30 June 2017 set out on pages 7 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

ARMAC DEMOLITION LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ARMAC DEMOLITION LIMITED

Opinion

We have audited the financial statements of Armac Demolition Limited (the 'company') for the year ended 30 June 2017 set out on pages 7 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF ARMAC DEMOLITION LIMITED

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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.

Responsibilities of directors
As explained more fully in the Directors' Responsibilities Statement set out on pages 3 - 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

Mark James Eden F.C.C.A. (Senior Statutory Auditor)
for and on behalf of Jerroms

1/3/18

Chartered Certified Accountants
Statutory Auditor

The Exchange
Haslucks Green Road
Shirley
West Midlands
B90 2EL

ARMAC DEMOLITION LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Year ended 30 June 2017 £	Year ended 30 June 2016 £
Turnover	2	16,314,805	13,899,551
Cost of sales		(14,194,163)	(11,243,185)
Gross profit		2,120,642	2,656,366
Administrative expenses		(1,807,951)	(2,303,968)
Operating profit	3	312,691	352,398
Interest receivable and similar income	6	2,215	7,237
Interest payable and similar expenses	7	(10,206)	(47,812)
Profit before taxation		304,700	311,823
Taxation	8	(88,854)	(76,206)
Profit for the financial year	22	215,846	235,617

The profit and loss account has been prepared on the basis that all operations are continuing operations.

ARMAC DEMOLITION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	Year ended 30 June 2017 £	Year ended 30 June 2016 £
Profit for the year	215,846	235,617
Other comprehensive income	-	-
Total comprehensive income for the year	215,846	235,617

ARMAC DEMOLITION LIMITED

BALANCE SHEET

AS AT 30 JUNE 2017

	Notes	2017		2016	
		£	£	£	£
Fixed assets					
Tangible assets	**10**		2,406,568		2,537,411
Investments	**11**		326,625		326,625
			2,733,193		2,864,036
Current assets					
Stocks	**13**	50,000		258,826	
Debtors	**14**	4,824,982		4,442,488	
Cash at bank and in hand		828,382		523,525	
		5,703,364		5,224,839	
Creditors: amounts falling due within one year	**15**	(4,299,211)		(4,077,499)	
Net current assets			1,404,153		1,147,340
Total assets less current liabilities			4,137,346		4,011,376
Creditors: amounts falling due after more than one year	**16**		(51,881)		(88,849)
Provisions for liabilities	**18**		(319,464)		(367,373)
Net assets			3,766,001		3,555,154
Capital and reserves					
Called up share capital	**21**		202		202
Profit and loss reserves	**22**		3,765,799		3,554,952
Total equity			3,766,001		3,555,154

The financial statements were approved by the board of directors and authorised for issue on 14 December 2017 and are signed on its behalf by:

Mr M Dudley
Director

Company Registration No. 02790049

ARMAC DEMOLITION LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 July 2015		202	3,319,335	3,319,537
Year ended 30 June 2016:				
Profit and total comprehensive income for the year		-	235,617	235,617
Balance at 30 June 2016		202	3,554,952	3,555,154
Year ended 30 June 2017:				
Profit and total comprehensive income for the year		-	215,846	215,846
Dividends	9	-	(5,000)	(5,000)
Balance at 30 June 2017		202	3,765,798	3,766,000

ARMAC DEMOLITION LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Cash flows from operating activities					
Cash generated from operations	**25**		896,162		291,144
Interest paid			(10,206)		(47,812)
Income taxes (paid)/refunded			(110,920)		136,223
Net cash inflow from operating activities			775,036		379,555
Investing activities					
Purchase of tangible fixed assets		(755,208)		(691,760)	
Proceeds on disposal of tangible fixed assets		391,593		296,045	
Proceeds from other investments and loans		(19,529)		-	
Interest received		2,215		7,237	
Net cash used in investing activities			(380,929)		(388,478)
Financing activities					
Payment of finance leases obligations		(84,250)		(206,836)	
Dividends paid		(5,000)		-	
Net cash used in financing activities			(89,250)		(206,836)
Net increase/(decrease) in cash and cash equivalents			304,857		(215,759)
Cash and cash equivalents at beginning of year			523,525		739,284
Cash and cash equivalents at end of year			828,382		523,525

1 Accounting policies

Company information

Armac Demolition Limited is a company limited by shares incorporated in England and Wales. The registered office is Stonebridge House, Kenilworth Road, Meriden, Warwickshire, CV7 7LJ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	Over the period of the lease
Plant and machinery	15%-33 1/3% Reducing Balance
Motor vehicles	25% Reducing Balance

1 Accounting policies **(Continued)**

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1 Accounting policies **(Continued)**

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments In equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

1 Accounting policies **(Continued)**

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value though profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies **(Continued)**

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

2 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2017	2016
	£	£
Turnover		
Demolition Services	16,314,805	13,899,551

2 Turnover and other revenue (Continued)

Other significant revenue		
Interest income	2,215	7,237

3 Operating profit

	2017	2016
Operating profit for the year is stated after charging/(crediting):	£	£
Fees payable to the company's auditor for the audit of the company's financial statements	14,600	6,750
Depreciation of owned tangible fixed assets	470,078	400,456
Depreciation of tangible fixed assets held under finance leases	102,817	143,145
Profit on disposal of tangible fixed assets	(78,436)	(76,220)
Cost of stocks recognised as an expense	8,046,953	6,103,122
Operating lease charges	16,251	9,950

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017 Number	2016 Number
Directors	3	3
Staff	11	12
Direct	55	55
	69	70

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	2,812,191	3,137,085
Social security costs	287,594	341,504
Pension costs	34,692	280,837
	3,134,477	3,759,426

5 Directors' remuneration

	2017	2016
	£	£
Remuneration for qualifying services	450,211	810,194
Company pension contributions to defined contribution schemes	-	250,000
	450,211	1,060,194

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2016 - 4).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2017	2016
	£	£
Remuneration for qualifying services	157,404	298,744

6 Interest receivable and similar income

	2017	2016
	£	£
Interest income		
Interest on bank deposits	1,221	6,803
Other interest income	994	434
Total income	2,215	7,237

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	1,221	6,803

7 Interest payable and similar expenses

	2017	2016
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on finance leases and hire purchase contracts	10,194	9,813
Other finance costs:		
Other interest	12	37,999
	10,206	47,812

8 Taxation

	2017	2016
	£	£
Current tax		
UK corporation tax on profits for the current period	136,763	110,920
Deferred tax		
Origination and reversal of timing differences	(29,540)	(34,714)
Changes in tax rates	(18,369)	-
Total deferred tax	(47,909)	(34,714)
Total tax charge	88,854	76,206

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2017	2016
	£	£
Profit before taxation	304,700	311,823
Expected tax charge based on the standard rate of corporation tax in the UK of 19.75% (2016: 20.00%)	60,178	62,365
Tax effect of expenses that are not deductible in determining taxable profit	45,879	13,841
Deferred tax movement including tax rate change	(47,909)	(34,714)
Depreciation in excess of capital allowances	30,706	34,714
Taxation charge for the year	88,854	76,206

9 Dividends

	2017	2016
	£	£
Interim paid	5,000	-

10 Tangible fixed assets

	Leasehold improvements	Plant and machinery	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 July 2016	-	4,797,165	200,992	4,998,157
Additions	81,904	602,075	71,229	755,208
Disposals	-	(745,185)	(31,542)	(776,727)
At 30 June 2017	81,904	4,654,055	240,679	4,976,638
Depreciation and impairment				
At 1 July 2016	-	2,415,957	44,788	2,460,745
Depreciation charged in the year	8,190	514,869	49,836	572,895
Eliminated in respect of disposals	-	(447,028)	(16,542)	(463,570)
At 30 June 2017	8,190	2,483,798	78,082	2,570,070
Carrying amount				
At 30 June 2017	73,714	2,170,257	162,597	2,406,568
At 30 June 2016	-	2,381,207	156,204	2,537,411

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2017	2016
	£	£
Plant and machinery	422,102	572,581
Depreciation charge for the year in respect of leased assets	102,817	143,145

11 Fixed asset investments

	2017	2016
	£	£
Unlisted investments	326,625	326,625

11 Fixed asset investments **(Continued)**

Movements in fixed asset investments

	Investments other than loans £
Cost or valuation	
At 1 July 2016 & 30 June 2017	326,625
Carrying amount	
At 30 June 2017	326,625
At 30 June 2016	326,625

12 Financial instruments

	2017 £	2016 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	4,818,635	4,440,637
Equity instruments measured at cost less impairment	326,625	326,625
Carrying amount of financial liabilities		
Measured at amortised cost	2,927,372	2,868,275

13 Stocks

	2017 £	2016 £
Work in progress	50,000	258,826

14 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	4,774,106	4,124,941
Corporation tax recoverable	6,347	-
Other debtors	44,529	317,547
	4,824,982	4,442,488

15 Creditors: amounts falling due within one year

	Notes	2017 £	2016 £
Obligations under finance leases	17	98,411	145,693
Trade creditors		2,633,820	2,357,968
Corporation tax		1,000,410	968,220
Other taxation and social security		423,310	329,853
Other creditors		133,760	269,365
Accruals and deferred income		9,500	6,400
		4,299,211	4,077,499

The company has been challenged by H M Revenue and Customs in respect of loans made to directors from an employee benefit trust. This is currently being defended by the scheme provider and at the balance sheet date the appeal is ongoing. The Directors consider it prudent to provide for tax that would be payable (incl. interest) should the appeal fail.

A debenture was created on 18th October 2010, with Lloyds Bank plc, for a fixed and floating charge with reference to credit facilities in place.

16 *Creditors: amounts falling due after more than one year*

	Notes	2017 £	2016 £
Obligations under finance leases	17	51,881	88,849

17 Finance lease obligations

Future minimum lease payments due under finance leases:	2017 £	2016 £
Within one year	98,411	145,693
In two to five years	51,881	88,849
	150,292	234,542

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 2 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

18 Provisions for liabilities

	Notes	2017 £	2016 £
Deferred tax liabilities	19	319,464	367,373
		319,464	367,373

19 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2017	Liabilities 2016
Balances:	**£**	**£**
Accelerated capital allowances	319,464	367,373

	2017
Movements in the year:	**£**
Liability at 1 July 2016	367,373
Credit to profit or loss	(47,909)
Liability at 30 June 2017	319,464

20 Retirement benefit schemes

	2017	2016
Defined contribution schemes	**£**	**£**
Charge to profit or loss in respect of defined contribution schemes	34,692	280,837

The company operates a workplace pension scheme for all eligible employees. The assets of the scheme are held separately from those of the company in an independently administered fund. This fund is administered by The Peoples Pension.

The Company as principal employer has established a self administered pension scheme , The Armac Demolition Pension Scheme. The company contributed £nil (2006- £250,000) in the year. The scheme operates on a "money purchase basis "in that all benefits payable to the trustees or their dependants is based on the value of the assets held in the scheme on behalf of the trustees.

21 Share capital

	2017	2016
	£	£
Ordinary share capital		
Issued and fully paid		
200 Ordinary "A" Shares of £1 each	200	200
2 Ordinary "B" Shares of £1 each	2	2
	202	202

22 Profit and loss reserves

The company has been challenged by H M Revenue and Customs in respect of loans made to directors from an employee benefit trust. This is currently being defended by the scheme provider and at the balance sheet date the appeal is ongoing. The Directors consider it prudent to provide for the tax that would be payable (incl. interest) should the appeal fail.

23 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company for certain items of office equipment and motor vehicles and rent of property .

During the year the Company has entered into a ten year lease on office property , other leases are negotiated for average period of 3 years.

Originally, the lease on the property was with a third party , subsequently the property was purchased by The Armac Demolition Pension Scheme.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017	2016
	£	£
Within one year	115,828	17,292
Between two and five years	371,985	18,616
In over five years	336,000	213
	823,813	36,121

24 Related party transactions

During the year the company traded with Armac Environmental Limited and Stonebridge Plant Limited, related parties of Armac Demolition Limited, due to common directorships as follows:

Armac Environmental Limited	
Sales to	£205,322
Purchases from	£4,068,929
In Trade Creditors	£(1,253,687)
In Trade Debtors	£179,322
Stonebridge Plant Limited	
Sales to	£328,000
Purchases from	£1,114,750
In Trade Creditors	£(86,186)
In Trade Debtors	£310,000

During the year the company paid rent of £104,500 to The Armac Demolition Scheme, the Director and their wives being trustees of The Armac Demolition Pension Scheme and at 30 June 2017 the company owed £8,400 to The Armac Demolition Pension Scheme.

Transactions with directors

Included in debtors is a balance of £19,529 (including interest charged on the loan) owing by Mr M Dudley, director of the company.

Included in creditors are amounts due to Messrs. , A McLean and N McLean, directors of the company of £47,464 and £38,476 respectively.

The company was charged the following by Eaglebeam Limited, a company which Messrs A and N McLean are directors of:

Rent	£36,000
Electricity re-charged	£10,756
Water rates re-charged	£11,130
Included in Trade Creditors	£(15,299)

During the year Armac Demolition Limited re-charged £226,610 to Eaglebeam Limited for the construction of a workshop .

In the year Armac Demolition Limited wrote off an old balance of £192,878 owed by Eaglebeam Limited.

During the year the company traded with Arden Landfill Limited, on an arms length basis, a company which Messrs A and N McLean are directors of:

Sales to	£178,885
Purchases from	£87,775
In Trade Creditors	£(6,912)
In Trade Debtors	£120,955

During the year the company made purchases of £36,000 from Demo Plant Limited, a company under the control of A . McLean's family, the purchases were at arms length.

25 Cash generated from operations

	2017	2016
	£	£
Profit for the year after tax	215,846	235,617
Adjustments for:		
Taxation charged	88,854	76,206
Finance costs	10,206	47,812
Investment income	(2,215)	(7,237)
Gain on disposal of tangible fixed assets	(78,436)	(76,220)
Depreciation and impairment of tangible fixed assets	572,895	543,601
Movements in working capital:		
Decrease/(increase) in stocks	208,826	(125,152)
(Increase) in debtors	(356,618)	(1,425,139)
Increase in creditors	236,804	1,021,656
Cash generated from operations	896,162	291,144

26 Auditor's liability limitation agreement

The company has, by resolution, waived the need for approval of the auditors" limitation of liability, which has been set at £500,000 within the letter of engagement dated 9 November 2016. This approval has been confirmed in the letter of representation dated 31 January 2018.