

Howard Civil Engineering Limited

Company Registration Number 04656708

Annual Report and Financial Statements

Year ended 31 July 2016

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Directors	M T Howard G D Howard
Company secretary	G Howard
Registered office	Unit 11 Acorn Business Park Killingbeck Drive Leeds LS14 6UF
Company number	04656708
Statutory auditor	Brown Butler Chartered Accountants Leigh House 28-32 St Paul's Street Leeds West Yorkshire LS1 2JT
Bankers	Barclays Bank Plc 2-12 Pinstone Street Sheffield S1 2HN

The directors present their strategic report for the year ended 31 July 2016.

Principal activity

The principal activity of the company is that of civil engineering services.

Fair review of the business

We are pleased to report record turnover for the second consecutive year of £15,771,722 (2015: £15,528,892). Whilst only a slight increase in turnover, the company's control on operational costs is highlighted in its 52% increase in Gross Profit to £1,517,194 (2015: £1,000,086).

The balance sheet remains strong, including an 84% increase in cash balances to £1,522,497 (2015: £827,116).

We continue to offer a diverse product across the construction sector, this year has seen us providing infrastructure services to the residential sector which has facilitated in the development of over 800 houses.

Construction labour rates continue to rise on a yearly basis, further challenges may arise from Brexit negotiations and labour restrictions. We continue to invest in both existing operatives through continuous training and seek to find new entrants to the industry through apprenticeships to ensure continuity and sharing of knowledge and experience.

We continue to strive to identify efficiencies across our operational and finance functions to recognise opportunities that can be shared with our clients. Through this collaboration, we continue to develop and build strong customer relationships.

Principal risks and uncertainties

The company uses various financial instruments, which include, cash and other items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks. These are in the main liquidity risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs, by the use of bank facilities and loans, and to invest cash assets safely and profitably.

Credit risk

The company's debtors relate to amounts owed by UK Corporates and Local Authorities. Given the size and stability of the core debtors, the directors do not believe that credit risk to the company is significant. However, the directors monitor any default credit risk on an ongoing basis.

In addition the company is exposed to the following additional risks

Price risk

We operate in a highly competitive industry and face competition both locally and nationally. We monitor our competition and look for ways to gain competitive advantage. The company seeks to manage price risk by using the latest software to assist in continuous monitoring of market pricing and through profitability analysis ahead of entering into any significant contracts. This data is used to measure project performance is being delivered in line with our tender.

Operational risk

Health and safety represents our biggest operational risk, the directors are continually monitoring procedures and individual sites are consistently measured on the procedures they follow. The company also have independent monthly audits on health and safety and quality assurance on every site. As we have an ISO 18001 certification our health and safety processes and compliance is audited annually.

Future developments

We maintain our strategy of appointing key people to facilitate our strategy of diversification with the appointment of Leigh Jenkins as Contracts Manager to figurehead our Structures arm.

Whilst the sector presents many opportunities, capacity to deliver is a premium that we will manage our resources accordingly to ensure we are able to deliver successful project whilst retaining our core values of Quality and Safety.

Approved by the Board on 24/4/17 and signed on its behalf by:



G D Howard
Director

The directors present their annual report and the audited financial statements for the year ended 31 July 2016.

Directors of the company

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

M T Howard

G D Howard

The following directors were appointed after the year end:

P Howard (appointed 1 January 2017)

J S Cartwright (appointed 1 January 2017)

Dividends

The directors do not propose the payment of a final dividend in respect of the financial year ended 31 July 2016.

Going concern

The company has considerable financial resources together with long-term contracts with a number of customers and suppliers. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. The directors have a reasonable expectation that the company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Disclosure of information to the auditors

So far as the directors are aware, there is no information relevant to the audit of which the company's auditors are unaware. The directors have taken the necessary steps to ensure that they themselves are aware of all relevant audit information and made sure that the company's auditors are also aware of that information.

Approved by the Board on 20/4/17 and signed on its behalf by:



G D Howard
Director

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

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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.

We have audited the financial statements of Howard Civil Engineering Limited for the year ended 31 July 2016, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities (set out on page 5), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Continued on next page

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Matters on which we are required to report by exception

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

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



Denis Cross (Senior Statutory Auditor)
For and on behalf of Brown Butler,
Chartered Accountants and Statutory Auditor
Leigh House
28-32 St Paul's Street
Leeds
West Yorkshire
LS1 2JT

Date: 20/4/17

Howard Civil Engineering Limited
Annual Report and Financial Statements
Profit and Loss Account for the year ended 31 July 2016

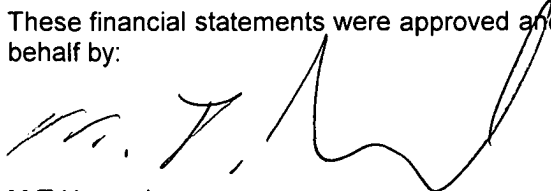
	Note	2016 £	2015 £
Turnover	3	15,771,722	15,528,892
Cost of sales		<u>(14,254,528)</u>	<u>(14,528,806)</u>
Gross profit		1,517,194	1,000,086
Administrative expenses		<u>(1,441,541)</u>	<u>(706,136)</u>
Other operating income	5	<u>44,104</u>	<u>22,052</u>
Operating profit	6	119,757	316,002
Interest receivable and similar income	7	13,240	3,091
Interest payable	8	<u>(12,972)</u>	<u>(11,046)</u>
Other exceptional item		<u>-</u>	<u>(95,000)</u>
Profit on ordinary activities before taxation		120,025	213,047
Tax on profit on ordinary activities	11	<u>(26,264)</u>	<u>(68,413)</u>
Profit for the financial year		93,761	144,634
Profit and loss account brought forward		1,007,668	1,040,723
Dividends paid		<u>(150,749)</u>	<u>(177,689)</u>
Profit and loss account carried forward		<u><u>950,680</u></u>	<u><u>1,007,668</u></u>

The above results were derived from continuing operations.

The company had no other recognised gains or losses other than profit for the year, therefore no Statement of Comprehensive Income has been presented.

	Note	2016 £	2015 £
Fixed assets			
Tangible fixed assets	12	413,778	543,675
Investments	13	-	295,000
		<u>413,778</u>	<u>838,675</u>
Current assets			
Debtors	14	2,542,316	2,787,870
Cash at bank and in hand		<u>1,522,497</u>	<u>827,116</u>
		4,064,813	3,614,986
Creditors: Amounts falling due within one year	16	<u>(3,313,234)</u>	<u>(3,117,378)</u>
Net current assets		<u>751,579</u>	<u>497,608</u>
Total assets less current liabilities		1,165,357	1,336,283
Creditors: Amounts falling due after more than one year	16	(214,477)	(302,105)
Provisions for liabilities	18	-	(26,310)
Net assets		<u>950,880</u>	<u>1,007,868</u>
Capital and reserves			
Called up share capital	19	200	200
Profit and loss account	20	<u>950,680</u>	<u>1,007,668</u>
		<u>950,880</u>	<u>1,007,868</u>

These financial statements were approved and authorised for issue by the Board on 20/4/17 and signed on its behalf by:



M T Howard
Director

Howard Civil Engineering Limited
Annual Report and Financial Statements
Statement of Cash Flows for the year ended 31 July 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Profit for the year		93,761	144,634
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	6	26,458	20,728
Diminution in value of investments		295,000	95,000
Interest received	7	(13,240)	(3,091)
Interest paid	8	12,972	11,046
Taxation	11	26,264	68,413
		<u>441,215</u>	<u>336,730</u>
Working capital adjustments			
Decrease/(increase) in trade and other debtors	14	245,554	(371,602)
Increase in trade and other creditors	16	232,614	780,368
(Decrease)/increase in deferred income, including government grants		<u>(4,000)</u>	<u>78,000</u>
Cash generated from operations		915,383	823,496
Taxation paid		<u>(42,387)</u>	<u>(100,458)</u>
Net cash flow from operating activities		872,996	723,038
Cash flows from investing activities			
Interest received	7	13,240	3,091
Acquisitions of tangible fixed assets	12	(10,023)	(418,403)
Proceeds from sale of tangible fixed assets	12	<u>113,462</u>	<u>-</u>
Net cash flows from investing activities		116,679	(415,312)
Cash flows from financing activities			
Interest paid	8	(9,132)	(8,424)
Proceeds from bank borrowing draw downs		-	280,000
Repayment of bank borrowing		(24,423)	(15,822)
Payments to finance lease creditors		(109,990)	(42,472)
Dividends paid		<u>(150,749)</u>	<u>(177,689)</u>
Net cash flows from financing activities		<u>(294,294)</u>	<u>35,593</u>
Net increase in cash and cash equivalents		695,381	343,319
Cash and cash equivalents at 1 August 2015		<u>827,116</u>	<u>483,797</u>
Cash and cash equivalents at 31 July 2016		<u><u>1,522,497</u></u>	<u><u>827,116</u></u>

1 General information

Howard Civil Engineering Limited is a private company limited by shares and incorporated in England.

The address of its registered office and principal place of business is:

Unit 11
Acorn Business Park
Killingbeck Drive
Leeds
LS14 6UF

2 Summary of significant accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS102) and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The presentation currency is £ sterling.

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

The company adopted FRS102 in the current year and an explanation of how transition to FRS102 has affected the reported financial position and performance is given in note 24.

Going concern

The financial statements have been prepared on the going concern basis. The directors have taken note of the guidance issued by the Financial Reporting Council on Going Concern Assessment in determining that this is the appropriate basis of preparation of the financial statements. After reviewing the group's forecasts and projections, the directors have a reasonable expectation that the group has adequate resources to continue in operation existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the consolidated financial statements.

Key sources of estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenue and expenses during the year. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have the most significant effect on amounts recognised in the financial statements relate to the calculation of amounts recoverable on contracts ("AROC") which is included in current debtors at the balance sheet date.

The calculation of AROC requires the management to estimate future revenue and costs in order to establish a stage of completion for contracts in progress at the balance sheet date. The management relies on the judgement of experts and project budgets and forecast in order to arrive at the figures reported in the accounts. The carrying amount of AROC included in the financial statements is £1,458,382 (2015: £1,895,965).

Turnover

Turnover represents revenue receivable for goods and services provided during the year, net of value added tax.

Revenue is recognised as contract activity progress in relation to contracted obligations that are performed gradually over time. Uncompleted contracts at the balance sheet date are brought into account by reference to the fair value of the work performed at that date and are described in the financial statements as amounts recoverable on contracts within current assets.

Government grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account over the expected useful lives of the relevant assets by equal annual instalments. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Pension contributions

The Company has a defined contribution pension scheme. The pension costs charged to the profit and loss account are the contributions payable in respect of the accounting period.

Taxation

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

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the year using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only 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. If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing differences. The tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income). Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

Dividends

Dividends are recognised as a liability in the period in which the shareholder's right to receive payment has been established.

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, other than freehold land, over their expected useful lives. The annual rates and methods of depreciation are as follows:-

Asset class	Depreciation method and rate
Land	No depreciation is provided on land
Buildings	5% straight line
Plant and machinery	15% reducing balance

Impairment of assets

At the balance sheet date, if there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared to its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised in the profit and loss account.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Investments

These accounts include the company's share of the profit and losses and net assets of its interest in HCE Consultancy LLP.

Fixed asset investments are stated at cost less provision for permanent diminution in value.

Debtors

Short term debtors are not interest bearing and are stated at their original invoice value reduced by appropriate allowances for estimated irrecoverable amounts.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Creditors

Trade and other short term creditors are measured at transaction price. Other financial liabilities which are basic financial instruments, including bank loans, are measured initially at the present value of cash payable to settle the liabilities (including interest) and are subsequently measured at amortised cost using the effective interest method.

Leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Fixed assets acquired under hire purchase contracts are included in the balance sheet at cost and an appropriate provision is made for depreciation.

The outstanding liabilities under such agreements less interest not yet due are included in creditors.

3 Turnover

The turnover and profit on ordinary activities before taxation is attributable to the one principal activity, civil engineering projects.

4 Exceptional items

	2016 £	2015 £
Amounts written off investments	-	95,000

5 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2016 £	2015 £
Grants received	4,000	2,000
Rent receivable	40,104	20,052
	<u>44,104</u>	<u>22,052</u>

6 Operating profit

Operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	26,458	20,728
Operating lease charges - property	27,608	27,813
Operating lease charges - plant and machinery	7,896	9,174
Amounts written off investments	-	95,000
Auditor's remuneration	<u>10,200</u>	<u>10,810</u>

7 Interest receivable and similar income

	2016 £	2015 £
Bank interest received	<u>13,240</u>	<u>3,091</u>

8 Interest payable and similar charges

	2016 £	2015 £
Bank interest	265	1,841
Loan interest	8,713	6,269
Interest on obligations under hire purchase contracts	3,840	2,622
Other interest	<u>154</u>	<u>314</u>
	<u>12,972</u>	<u>11,046</u>

9 Staff costs

Employee costs, including directors, during the year:

	2016 £	2015 £
Wages and salaries	589,294	501,888
Social security costs	42,520	46,900
Other pension costs	<u>79,210</u>	<u>13,704</u>
	<u>711,024</u>	<u>562,492</u>

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

	2016 No.	2015 No.
Production	15	15
Administration	<u>6</u>	<u>6</u>
	<u>21</u>	<u>21</u>

10 Directors' remuneration

The directors' remuneration for the year was as follows:

	2016 £	2015 £
Salaries	23,220	-
Pension contributions	78,741	10,000
	<u>101,961</u>	<u>10,000</u>

11 Tax on profit on ordinary activities

	2016 £	2015 £
Current taxation		
UK corporation tax	52,574	42,103
Deferred taxation		
Origination and reversal of timing differences	<u>(26,310)</u>	<u>26,310</u>
Tax on profit on ordinary activities	<u>26,264</u>	<u>68,413</u>

The corporation tax charge on ordinary activities for the year is higher than (2015: higher than) the standard rate of corporation tax in the UK of 20% (2015: 20.67%).

The differences are reconciled below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>120,025</u>	<u>213,047</u>
Corporation tax at standard rate	24,005	44,037
Expenses not deductible for tax purposes	<u>2,259</u>	<u>24,376</u>
Total tax charge	<u>26,264</u>	<u>68,413</u>

12 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Total £
Cost			
At 1 August 2015	418,403	146,000	564,403
Additions	10,023	-	10,023
Disposals	-	(146,000)	(146,000)
At 31 July 2016	<u>428,426</u>	<u>-</u>	<u>428,426</u>
Depreciation			
At 1 August 2015	6,278	14,450	20,728
Charge for the year	8,370	18,088	26,458
Eliminated on disposal	-	(32,538)	(32,538)
At 31 July 2016	<u>14,648</u>	<u>-</u>	<u>14,648</u>
Net book value			
At 31 July 2015	<u>412,125</u>	<u>131,550</u>	<u>543,675</u>
At 31 July 2016	<u>413,778</u>	<u>-</u>	<u>413,778</u>

Tangible fixed assets with a net book value of £403,755 (2015: £412,125) are pledged as security for liabilities of the company.

Included within the net book value of land and buildings above is £261,023 (2015: £251,000) which is not depreciated.

13 Investments held as fixed assets

	£
Investment in associated undertaking	
Cost	
At 1 August 2015	295,000
Diminution in value	(295,000)
At 31 July 2016	<u>-</u>
Carrying amount	
At 31 July 2016	<u>-</u>
At 31 July 2015	<u>295,000</u>

14 Debtors

	2016 £	2015 £
Trade debtors	591,219	588,380
Amounts recoverable on contracts	1,458,382	1,895,965
Other debtors	478,310	288,923
Prepayments	14,405	14,602
	<u>2,542,316</u>	<u>2,787,870</u>

15 Cash and cash equivalents

	2016 £	2015 £
Cash on hand	8	25
Cash at bank	1,522,489	827,091
	<u>1,522,497</u>	<u>827,116</u>

16 Creditors:

Amounts falling due within one year

	2016 £	2015 £
Loans (note 16)	25,278	68,223
Trade creditors	2,117,302	2,506,889
Social security and other taxes	107,185	268,917
Director's loan	10	60
Other creditors	628,416	127,684
Corporation tax	52,574	42,387
Accruals and deferred income	382,469	103,218
	<u>3,313,234</u>	<u>3,117,378</u>

Amounts falling due after more than one year

Loans (note 16)	<u>214,477</u>	<u>302,105</u>
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17 Loans

	2016 £	2015 £
Non-current loans and borrowings		
Bank borrowings	214,477	239,755
Hire purchase contracts	-	62,350
	<u>214,477</u>	<u>302,105</u>
Current loans and borrowings		
Bank borrowings	25,278	24,423
Hire purchase contracts	-	43,800
	<u>25,278</u>	<u>68,223</u>

Bank borrowings

Bank borrowings are denominated in sterling with a nominal interest rate of base rate + 2.95%, with the final instalment due on 1 November 2019. The carrying amount at year end is £239,755 (2015 - £264,178).

Bank borrowings are secured on the company's freehold land and buildings at Limewood Approach, Leeds and are repayable in monthly instalments of £2,761 commencing December 2014 with the balance payable November 2019.

18 Provisions

	Deferred tax £	Total £
At 1 August 2015	26,310	26,310
Increase (decrease) in existing provisions	<u>(26,310)</u>	<u>(26,310)</u>
At 31 July 2016	<u>-</u>	<u>-</u>
2015		£
Capital allowances in excess of depreciation		<u>26,310</u>

19 Share capital

Allotted, called up and fully paid shares

	2016		2015	
	No.	£	No.	£
'A' Ordinary shares of £1 each	120	120	120	120
'B' Ordinary shares of £1 each	20	20	20	20
'C' Ordinary shares of £1 each	20	20	20	20
'D' Ordinary shares of £1 each	20	20	20	20
'E' Ordinary shares of £1 each	20	20	20	20
	<u>200</u>	<u>200</u>	<u>200</u>	<u>200</u>

Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

All shares rank pari passu in all respects. The directors have the power to vote variable rates of dividends on the different classes of shares.

20 Capital and reserves

Called-up share capital - represents the nominal value of shares that have been issued.

Profit and loss account - includes all current and prior period retained profits and losses.

21 Leasing commitments

Operating leases

The total of future minimum operating lease payments is as follows:

	2016 £	2015 £
Within one year	20,400	20,400
Between one and five years	81,600	81,600
After five years	<u>30,600</u>	<u>51,000</u>
	<u>132,600</u>	<u>153,000</u>

22 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £79,210 (2015 - £13,704).

23 Related party transactions

Transactions with directors

	2016 £	2015 £
Dividends	<u>77,831</u>	<u>123,350</u>
Interest free loans		
2016		£
Advanced		<u>19,800</u>

24 Transition to FRS 102

The company transitioned to FRS 102 from UK GAAP as at 1 August 2014.

There has been no material impact on the capital and reserves or changes in the companies accounting policies of the company as a result of transition to FRS 102. As a result a reconciliation of equity shareholders funds at the transition date and at 1 August 2014 and 31 July 2015 is not presented in these financial statements.