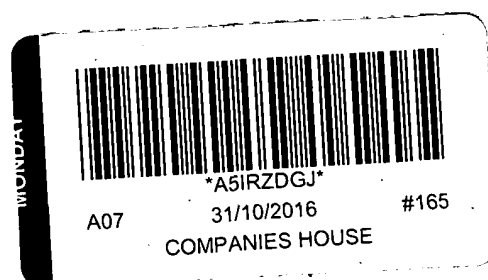


COMPANY REGISTRATION NUMBER: 04716632

R & M Williams (Holdings) Limited

Financial Statements

31 January 2016



R & M Williams (Holdings) Limited

Financial Statements

Year ended 31 January 2016

Contents	Pages
Officers and professional advisers	1
Strategic report	2 to 3
Director's report	4 to 5
Independent auditor's report to the shareholders	6 to 7
Consolidated statement of comprehensive income	8
Consolidated statement of financial position	9
Company statement of financial position	10
Consolidated statement of changes in equity	11
Company statement of changes in equity	12
Consolidated statement of cash flows	13
Notes to the financial statements	14 to 27

R & M Williams (Holdings) Limited

Officers and Professional Advisers

Director

Mr M J Williams

Registered office

West Point Industrial Estate
Penarth Road
Cardiff
CF11 8JQ

Auditor

Kilsby & Williams LLP
Chartered Accountants & statutory auditor
Cedar House
Hazell Drive
Newport
South Wales
NP10 8FY

R & M Williams (Holdings) Limited

Strategic Report

Year ended 31 January 2016

Review of the year and future outlook

The groups main goals and achievements for 2016 were :

1) To maintain the company profile as one of Wales leading multi disciplined construction contractor; this has been achieved by further awards in the Housing Residential sector with appointment to Swansea Residential framework and Cardiff University Framework as well as appointment to Sewscap 2; Wales largest publicly funded construction framework.

2) Development of the R&M Homes brand: Following entry to the New Build Housing Market R&M have now developed a bespoke private sale brand of new build homes and this will now be rolled out over the next two years across Wales on various developments already owned by the Company.

3) Improve quality and scale of Construction contracts; this has been achieved through Award of the £8.3m Coastal Housing Strand and High Street building's in Swansea.

4) To Gain Market Share in the West of England; geographical expansion and entry to new markets has been achieved in Bristol with establishment of a satellite office at Fishponds and award of high profile contracts such as Bristol Airport Fire Rescue centre and MWV Factory development as well as notable Trade Contractor appointments.

5) Investment in staff has been a significant factor with a development programme supported by the University of Wales network 75 programme and senior appointments in Estimating and Commercial Departments.

6) Implementation of advanced contract management software along with an enhanced Contract Value Reporting protocol has improved the accuracy and transparency in contract reporting and results.

The group continues to be successful although it has to be recognised that entry into the new build residential was not without its problems and this has resulted in reappraisal of the delivery model and recruitment of specialist staff to improve both service and commercial performance.

Across the business we continue to strive for efficiencies and have established an Executive Board to look more aggressively at intercompany trading and efficiency of overhead across all sectors such as Purchasing, Administration and Cash management.

Commensurate with the construction industry the directors believe the key business performance indicators are turnover, gross margin and profit before tax. Performance of the group was as follows:

	2016	2015
	£'000	£'000
Turnover	40,193	36,578
Gross profit (%)	9	11
Profit before taxation	285	259

Risks and uncertainties

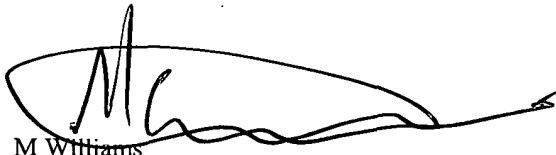
We need to recognise the potential risk and uncertainty with BREXIT a significant proportion of R&M turnover is via public sector in Wales which is highly supported by European funding. As this support is withdrawn if not supported by Central Government we could see a downturn in opportunity and revenue in the Social Housing Sector.

R & M Williams (Holdings) Limited

Strategic Report *(continued)*

Year ended 31 January 2016

This report was approved by the board of directors on 26/10/16 and signed on behalf of the board by:



M Williams
Director

R & M Williams (Holdings) Limited

Director's Report

Year ended 31 January 2016

The director presents his report and the financial statements of the group for the year ended 31 January 2016.

Director

The director who served the company during the year was as follows:

Mr M J Williams

Dividends

Particulars of recommended dividends are detailed in note 12 to the financial statements.

Employment of disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group and the Company. This is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Disclosure of information in the strategic report

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 we set out in the company's strategic report information required by schedule 7 of the Large and Medium sized companies and Groups (Accounts and report) Regulations 2008.

Director's responsibilities statement

The director is responsible for preparing the strategic report, director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the group and the company and the profit or loss of the group for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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. He is 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.

R & M Williams (Holdings) Limited

Director's Report *(continued)*

Year ended 31 January 2016

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 26/10/16 and signed on behalf of the board by:



M Williams
Director

R & M Williams (Holdings) Limited

Independent Auditor's Report to the Shareholders of R & M Williams (Holdings) Limited

Year ended 31 January 2016

We have audited the financial statements of R & M Williams (Holdings) Limited for the year ended 31 January 2016 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of director and auditor

As explained more fully in the director's responsibilities statement, the director is 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 group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; 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 director's 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 financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

R & M Williams (Holdings) Limited

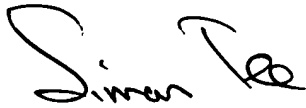
Independent Auditor's Report to the Shareholders of R & M Williams (Holdings) Limited *(continued)*

Year ended 31 January 2016

Matters on which we are required to report by exception

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

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



26th October 2016

SIMON TEE (Senior Statutory Auditor)

For and on behalf of
Kilsby & Williams LLP
Chartered Accountants & statutory auditor
Cedar House
Hazell Drive
Newport
South Wales
NP10 8FY

R & M Williams (Holdings) Limited

Consolidated Statement of Comprehensive Income

Year ended 31 January 2016

	Note	2016 £	2015 £
Turnover	4	40,192,993	36,577,927
Cost of sales		(36,598,103)	(32,523,389)
Gross profit		<u>3,594,890</u>	<u>4,054,538</u>
Administrative expenses		(3,374,466)	(3,848,467)
Other operating income		<u>55,303</u>	<u>38,155</u>
Operating profit	5	<u>275,727</u>	<u>244,226</u>
Share of profit of joint ventures	15	106	5,903
Interest receivable		8,972	8,864
Interest payable	9	<u>—</u>	<u>(239)</u>
Profit on ordinary activities before taxation		<u>284,805</u>	<u>258,754</u>
Taxation on ordinary activities	10	<u>(86,939)</u>	<u>(78,635)</u>
Profit for the financial year and total comprehensive income		<u><u>197,866</u></u>	<u><u>180,119</u></u>
Profit for the financial year attributable to:			
The owners of the parent company		213,079	203,311
Minority interests		<u>(15,213)</u>	<u>(23,192)</u>
		<u><u>197,866</u></u>	<u><u>180,119</u></u>

All the activities of the group are from continuing operations.

The notes on pages 14 to 27 form part of these financial statements.

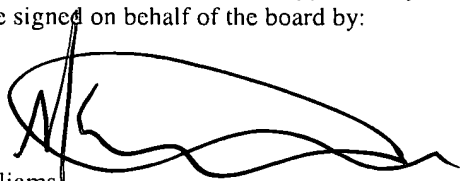
R & M Williams (Holdings) Limited

Consolidated Statement of Financial Position

31 January 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	13	21,712	–
Tangible assets	14	1,068,885	1,136,599
Investments:	15		
Investments in joint-ventures		9,525	9,420
Other fixed asset investments		18,379	18,379
		<u>1,118,501</u>	<u>1,164,398</u>
Current assets			
Stocks	16	2,185,938	1,616,799
Debtors	17	7,152,320	6,264,869
Cash at bank and in hand	18	2,946,901	2,764,258
		<u>12,285,159</u>	<u>10,645,926</u>
Creditors: amounts falling due within one year	19	<u>(7,352,708)</u>	<u>(6,148,858)</u>
Net current assets		<u>4,932,451</u>	<u>4,497,068</u>
Total assets less current liabilities		<u>6,050,952</u>	<u>5,661,466</u>
Provisions			
Taxation including deferred tax	21	<u>(85,000)</u>	<u>(66,525)</u>
Net assets		<u>5,965,952</u>	<u>5,594,941</u>
Capital and reserves			
Called up share capital	24	2,400,000	2,400,000
Other reserves	25	(2,398,000)	(2,398,000)
Profit and loss account	25	5,593,329	5,495,239
Equity attributable to the owners of the parent company		<u>5,595,329</u>	<u>5,497,239</u>
Minority interests		<u>370,623</u>	<u>97,702</u>
		<u>5,965,952</u>	<u>5,594,941</u>

These financial statements were approved by the board of directors and authorised for issue on 26/10/16, and are signed on behalf of the board by:


M Williams
Director

Company registration number: 04716632

The notes on pages 14 to 27 form part of these financial statements.

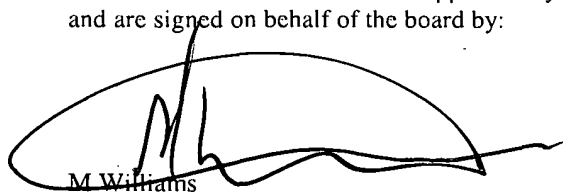
R & M Williams (Holdings) Limited

Company Statement of Financial Position

31 January 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	14	199,574	193,434
Investments	15	2,160,151	2,160,621
		<u>2,359,725</u>	<u>2,354,055</u>
Current assets			
Stocks	16	888,664	654,371
Debtors	17	1,274,033	1,345,064
Cash at bank and in hand	18	297,710	492,630
		<u>2,460,407</u>	<u>2,492,065</u>
Creditors: amounts falling due within one year	19	(816,931)	(343,747)
Net current assets		<u>1,643,476</u>	<u>2,148,318</u>
Total assets less current liabilities		<u>4,003,201</u>	<u>4,502,373</u>
Net assets		<u><u>4,003,201</u></u>	<u><u>4,502,373</u></u>
Capital and reserves			
Called up share capital	24	2,400,000	2,400,000
Profit and loss account	25	1,603,201	2,102,373
Shareholders funds		<u><u>4,003,201</u></u>	<u><u>4,502,373</u></u>

These financial statements were approved by the board of directors and authorised for issue on 26/10/16, and are signed on behalf of the board by:


M Williams
Director

Company registration number: 04716632

The notes on pages 14 to 27 form part of these financial statements.

R & M Williams (Holdings) Limited

Consolidated Statement of Changes in Equity

Year ended 31 January 2016

	Called up share capital £	Other reserves £	Profit and loss account £	Equity attributable to the owners of the parent company £	Minority interests £	Total £
At 1 February 2014 (as previously reported)	2,400,000	(2,398,000)	5,556,879	5,558,879	120,894	5,679,773
Prior period adjustments	—	—	(244,951)	(244,951)	—	(244,951)
At 1 February 2014 (restated)	<u>2,400,000</u>	<u>(2,398,000)</u>	<u>5,311,928</u>	<u>5,313,928</u>	<u>120,894</u>	<u>5,434,822</u>
Profit for the year	—	—	203,311	203,311	(23,192)	180,119
Total comprehensive income for the year	—	—	203,311	203,311	(23,192)	180,119
Dividends paid and payable 12	—	—	(20,000)	(20,000)	—	(20,000)
Total investments by and distributions to owners	—	—	(20,000)	(20,000)	—	(20,000)
At 31 January 2015	<u>2,400,000</u>	<u>(2,398,000)</u>	<u>5,495,239</u>	<u>5,497,239</u>	<u>97,702</u>	<u>5,594,941</u>
Profit for the year	—	—	213,079	213,079	(15,164)	197,915
Total comprehensive income for the year	—	—	213,079	213,079	(15,164)	197,915
Dividends paid and payable 12	—	—	(114,989)	(114,989)	—	(114,989)
Disposal of subsidiary with minority interest	—	—	—	—	288,085	288,085
Total investments by and distributions to owners	—	—	(114,989)	(114,989)	288,085	173,096
At 31 January 2016	<u>2,400,000</u>	<u>(2,398,000)</u>	<u>5,593,329</u>	<u>5,595,329</u>	<u>370,623</u>	<u>5,965,952</u>

The notes on pages 14 to 27 form part of these financial statements.

R & M Williams (Holdings) Limited

Company Statement of Changes in Equity

Year ended 31 January 2016

	Called up share capital £	Profit and loss account £	Total £
At 1 February 2014	2,400,000	2,037,865	4,437,865
Profit for the year		64,508	64,508
Total comprehensive income for the year	–	64,508	64,508
At 31 January 2015	2,400,000	2,102,373	4,502,373
Profit for the year		(499,172)	(499,172)
Total comprehensive income for the year	–	(499,172)	(499,172)
At 31 January 2016	2,400,000	1,603,201	4,003,201

The notes on pages 14 to 27 form part of these financial statements.

R & M Williams (Holdings) Limited

Consolidated Statement of Cash Flows

Year ended 31 January 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Profit for the financial year		197,866	180,119
<i>Adjustments for:</i>			
Depreciation of tangible assets		229,985	222,082
Amortisation of intangible assets		3,788	–
Share of profit of joint ventures		(106)	(5,903)
Interest receivable		(8,972)	(8,864)
Interest payable		–	239
Loss on disposal of tangible assets		8,681	20,625
Loss on disposal of shares in group undertakings	26	83,109	–
Taxation on ordinary activities		86,939	78,635
<i>Changes in:</i>			
Stocks		(652,188)	(359,278)
Trade and other debtors		(2,426,587)	1,341,396
Trade and other creditors		2,612,498	(1,363,701)
Cash generated from operations		135,013	105,350
Interest paid		–	(239)
Interest received		8,972	8,864
Tax received/(paid)		4,095	(75,123)
Net cash from operating activities		<u>148,080</u>	<u>38,852</u>
Cash flows from investing activities			
Purchase of tangible assets		(250,319)	(324,915)
Proceeds from sale of tangible assets		18,662	36,271
Purchase of intangible assets		(8,250)	–
Net cash disposal of subsidiary	26	(75,433)	–
Net cash used in investing activities		<u>(315,340)</u>	<u>(288,644)</u>
Cash flows from financing activities			
Proceeds from borrowings		466,317	347,591
Dividends paid		(114,989)	(20,000)
Net cash from financing activities		<u>351,328</u>	<u>327,591</u>
Net increase in cash and cash equivalents		184,068	77,799
Cash and cash equivalents at beginning of year		2,762,833	2,685,034
Cash and cash equivalents at end of year	18	<u>2,946,901</u>	<u>2,762,833</u>

The notes on pages 14 to 27 form part of these financial statements.

R & M Williams (Holdings) Limited

Notes to the Financial Statements

Year ended 31 January 2016

1. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

2. Company information

The company is a private company limited by shares and is incorporated and domiciled in England and Wales.

The principal activity of the company is the holding of investments.

The address of its registered office is Williams House, West Point Industrial Estate, Penarth Road, Cardiff, CF11 8JQ

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets measured at fair value through profit or loss.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1 February 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 31.

Consolidation

The financial statements consolidate the financial statements of R & M Williams (Holdings) Limited and all of its subsidiary undertakings.

The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account.

R & M Williams (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 January 2016

3. Accounting policies *(continued)*

Minority interests

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination.

The proportions of profit or loss and changes in equity allocated to the owners of the parent and to the minority interests are determined on the basis of existing ownership interests and do not reflect the possible exercise or conversion of options or convertible instruments.

Turnover

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

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

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured 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 difference.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Lease income is recognised in profit or loss on a straight line basis over the lease term. The aggregate cost of lease incentives are recognised as a reduction to income over the lease term on a straight-line basis. Costs, including depreciation, incurred in earning the lease income are recognised as an expense. Any initial direct costs incurred in negotiating and arranging the operating lease are added to the carrying amount of the lease and recognised as an expense over the lease term on the same basis as the lease income.

R & M Williams (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 January 2016

3. Accounting policies *(continued)*

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Licences	- 10-25% straight line
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If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Leasehold property	- 4% straight line
Plant & machinery	- 25% reducing balance
Fixtures & fittings	- 25% reducing balance
Motor vehicles	- 25% reducing balance

Investment property

Investment property for which fair value can be measured reliably without undue cost or effort on an ongoing basis are measured at fair value annually with any change recognised in the profit and loss account.

Fixed asset investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

R & M Williams (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 January 2016

3. Accounting policies *(continued)*

Investments in joint ventures

Investments in joint ventures are accounted for using the equity method of accounting, whereby the investment is initially recognised at the transaction price and subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the joint venture.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

R & M Williams (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 January 2016

3. Accounting policies *(continued)*

Financial instruments *(continued)*

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. Turnover

Turnover arises from:

	2016	2015
	£	£
Sale of goods	—	609,000
Rendering of services	3,183,472	15,512
Construction contracts	37,009,521	35,953,415
	<u>40,192,993</u>	<u>36,577,927</u>

R & M Williams (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 January 2016

4. Turnover *(continued)*

The whole of the turnover is attributable to the principal activity of the group wholly undertaken in the United Kingdom.

5. Operating profit

Operating profit or loss is stated after charging:

	2016	2015
	£	£
Amortisation of intangible assets	3,788	–
Depreciation of tangible assets	229,985	222,082
Loss on disposal of tangible assets	8,681	20,625
Loss on disposal of shares in group undertakings	83,109	–
Defined contribution plans expense	263,375	73,086

6. Auditor's remuneration

	2016	2015
	£	£
Fees payable for the audit of the financial statements	10,900	10,900

7. Particulars of employees

The average number of persons employed by the group during the year, including the director, amounted to:

	2016	2015
	No.	No.
Production staff	254	118
Administrative staff	54	46
	308	164

The aggregate payroll costs incurred during the year, relating to the above, were:

	2016	2015
	£	£
Wages and salaries	6,563,122	3,835,738
Social security costs	380,971	414,143
Other pension costs	263,375	73,086
	7,207,468	4,322,967

R & M Williams (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 January 2016

8. Director's remuneration

During the year ended 31 December 2010 the group, in order to motivate and incentivise its officers and employees, established an employer financed retirement benefit scheme for the benefit of the groups's officers, employees and their wider families, The R & M Williams Limited 2012 EFRBS. Contributions made during the year ended 31 December 2016 amounted to £190,000.

Because the values created in each scheme are held on terms which are discretionary and no earmarking has yet taken place, it is not considered that these amounts can be regarded as directors' remuneration and, therefore, these amounts have been excluded from the overall figures above and the remuneration of the highest paid director.

9. Interest payable

	2016 £	2015 £
Other interest payable and similar charges	—	239

10. Taxation on ordinary activities

Major components of tax expense

	2016 £	2015 £
Current tax:		
UK current tax expense	72,559	61,609
Adjustments in respect of prior periods	(4,095)	(8,561)
Total current tax	68,464	53,048
Deferred tax:		
Origination and reversal of timing differences	18,475	25,587
Taxation on ordinary activities	86,939	78,635

Reconciliation of tax expense

The tax assessed on the profit 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%).

	2016 £	2015 £
Profit on ordinary activities before taxation	284,805	258,754
Profit on ordinary activities by rate of tax	56,961	51,750
Adjustment to tax charge in respect of prior periods	(1,258)	(8,561)
Effect of expenses not deductible for tax purposes	16,370	7,713
Effect of capital allowances and depreciation	1,148	(1,072)
Effect of different UK tax rates on some earnings	(4,250)	3,178
Consolidation adjustments	19,424	—
Non group dividend income	(1,456)	—
Sundry tax adjusting items	—	25,627
Tax on profit on ordinary activities	86,939	78,635

R & M Williams (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 January 2016

11. Loss for the year of the parent company

The loss for the financial year of the parent company was £499,172 (2015: £64,508 profit).

12. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2016 £	2015 £
Dividends on equity shares	<u>114,989</u>	<u>20,000</u>

13. Intangible assets

Group	Development costs £
Cost	
Additions	8,250
Transfers	<u>17,250</u>
At 31 January 2016	<u>25,500</u>
Amortisation	
Charge for the year	<u>3,788</u>
At 31 January 2016	<u>3,788</u>
Carrying amount	
At 31 January 2016	<u>21,712</u>
At 31 January 2015	<u>–</u>

The company has no intangible assets.

14. Tangible assets

Group	Investment property £	Long leasehold property £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost						
At 1 Feb 2015	193,434	125,007	756,418	300,290	1,183,297	2,558,446
Additions	6,140	–	37,940	13,614	192,625	250,319
Disposals	–	–	(33,112)	(17,489)	(188,067)	(238,668)
Transfers	–	–	–	(17,250)	–	(17,250)
At 31 Jan 2016	<u>199,574</u>	<u>125,007</u>	<u>761,246</u>	<u>279,165</u>	<u>1,187,855</u>	<u>2,552,847</u>
Depreciation						
At 1 Feb 2015	–	34,383	557,831	173,550	656,083	1,421,847
Charge for the year	–	5,000	52,092	26,640	146,253	229,985
Disposals	–	–	(30,532)	(10,079)	(127,259)	(167,870)
At 31 Jan 2016	<u>–</u>	<u>39,383</u>	<u>579,391</u>	<u>190,111</u>	<u>675,077</u>	<u>1,483,962</u>
Carrying amount						
At 31 Jan 2016	<u>199,574</u>	<u>85,624</u>	<u>181,855</u>	<u>89,054</u>	<u>512,778</u>	<u>1,068,885</u>
At 31 Jan 2015	<u>193,434</u>	<u>90,624</u>	<u>198,587</u>	<u>126,740</u>	<u>527,214</u>	<u>1,136,599</u>

R & M Williams (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 January 2016

14. Tangible assets *(continued)*

Company	Investment property £
Cost	
At 1 February 2015	193,434
Additions	6,140
At 31 January 2016	<u>199,574</u>
Depreciation	
At 1 Feb 2015 and 31 Jan 2016	—
Carrying amount	
At 31 January 2016	<u>199,574</u>
At 31 January 2015	<u>193,434</u>

Included within the above is investment property as follows:

	Group £	Company £
At 1 February 2015 and 31 January 2016	<u>193,434</u>	<u>193,434</u>
At 1 February 2015	<u>193,434</u>	<u>193,434</u>

15. Investments

Group	Joint ventures £	Other investments other than loans £	Total £
Share of net assets/cost			
At 1 February 2015	9,420	18,379	27,799
Share of profit or loss	105	—	105
At 31 January 2016	<u>9,525</u>	<u>18,379</u>	<u>27,904</u>
Impairment			
At 1 Feb 2015 and 31 Jan 2016	—	—	—
Carrying amount			
At 31 January 2016	<u>9,525</u>	<u>18,379</u>	<u>27,904</u>
At 31 January 2015	<u>9,420</u>	<u>18,379</u>	<u>27,799</u>

R & M Williams (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 January 2016

15. Investments *(continued)*

Company	Shares in group undertakings £
Cost	
At 1 February 2015	2,160,621
Additions	50
Disposals	(520)
At 31 January 2016	2,160,151
Impairment	
At 1 Feb 2015 and 31 Jan 2016	—
Carrying amount	
At 31 January 2016	2,160,151
At 31 January 2015	2,160,621

Subsidiaries, associates and other investments

Details of the investments in which the group and the parent company have an interest of 20% or more are as follows:

	Country of incorporation	Class of share	Percentage of shares held
Subsidiary undertakings			
R & M Williams Limited	Wales	Ordinary	100
FRS Contractor Solutions Limited	Wales	Ordinary	51
Fay Construction Limited	Wales	Ordinary	100
The Crown Penally Limited	Wales	Ordinary	100

Investments in joint ventures

Summarised financial information of jointly controlled entities:

	2016 £	2015 £
Current assets	21,929	26,124
Current liabilities	12,404	16,704
Revenues	187,877	1,512,366
Profit from continuing operations	105	5,903

16. Stocks

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Raw materials	92,267	200,316	—	—
Work in progress	2,093,671	1,416,483	888,664	654,371
	<u>2,185,938</u>	<u>1,616,799</u>	<u>888,664</u>	<u>654,371</u>

R & M Williams (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 January 2016

17. Debtors

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Trade debtors	2,761,316	3,338,156	–	–
Amounts owed by group undertakings	–	–	1,089,004	1,187,920
Prepayments and accrued income	62,567	61,859	1,206	–
Corporation tax repayable	–	57,225	–	–
Amounts recoverable on contract	4,068,705	2,582,604	–	–
Other debtors	259,732	225,025	183,823	157,144
	<u>7,152,320</u>	<u>6,264,869</u>	<u>1,274,033</u>	<u>1,345,064</u>

The debtors above include the following amounts falling due after more than one year:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Amounts owed by group undertakings	–	–	1,052,757	738,796

18. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2016	2015
	£	£
Cash at bank and in hand	2,946,901	2,764,258
Bank overdrafts	–	(1,425)
	<u>2,946,901</u>	<u>2,762,833</u>

19. Creditors: amounts falling due within one year

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Bank loans and overdrafts	–	1,425	–	–
Trade creditors	4,331,103	3,520,930	–	–
Accruals and deferred income	1,480,353	1,662,797	2,000	2,000
Corporation tax	72,559	–	–	–
Social security and other taxes	538,601	559,658	872	4,889
Director loan accounts	813,908	347,591	813,908	347,591
Other creditors	116,184	56,457	151	(10,733)
	<u>7,352,708</u>	<u>6,148,858</u>	<u>816,931</u>	<u>343,747</u>

R & M Williams (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 January 2016

20. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Included in provisions (note 21)	<u>85,000</u>	<u>66,525</u>	<u>-</u>	<u>-</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Accelerated capital allowances	85,993	74,496	-	-
Deferred tax - other short term timing differences	(993)	(7,971)	-	-
	<u>85,000</u>	<u>66,525</u>	<u>-</u>	<u>-</u>

21. Provisions

Group	Deferred tax (note 20) £
At 1 February 2015	66,525
Additions	11,536
Unused amounts reversed	6,939
At 31 January 2016	<u>85,000</u>

The company does not have any provisions.

22. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £263,375 (2015: £73,086).

23. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2016 £	2015 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>7,089,753</u>	<u>6,145,785</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(6,741,548)</u>	<u>(5,589,200)</u>

R & M Williams (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 January 2016

24. Called up share capital

Issued, called up and fully paid

	2016		2015	
	No.	£	No.	£
Ordinary shares of £1 each	<u>2,400,000</u>	<u>2,400,000</u>	<u>2,400,000</u>	<u>2,400,000</u>

25. Reserves

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

Merger reserve - This reserve records the nominal value of shares repurchased by the company.

Profit and loss account - This reserve records retained earnings and accumulated losses.

26. Disposal of subsidiary

On 6 March 2015 the group placed Williams PM Electrical Limited into administration. The disposal is analysed as follows:

	£
Fixed assets	43,455
Stock	83,049
Debtors	954,603
Cash	75,432
Creditors	(1,763,655)
Minority interest	288,085
Investment	(520)
Intercompany debt written off	402,659
Loss on disposal	(83,109)
Total	<u>-</u>
Cash	<u>-</u>

27. Commitments under operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Not later than 1 year	97,544	34,725	-	-
Later than 1 year and not later than 5 years	174,809	39,809	-	-
	<u>272,353</u>	<u>74,534</u>	<u>-</u>	<u>-</u>

28. Contingencies

HMRC are reviewing transactions made by the group in connection with its employer financed retirement benefit scheme. They believe that additional tax is due by the group. The directors believe that no further tax is due. If HMRC are successful the group may be liable for additional taxes of up to £222k.

R & M Williams (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 January 2016

29. Director's advances, credits and guarantees

During the year the director entered into the following advances and credits with the company and its subsidiary undertakings:

	Advances/ (credits) to the director		Amounts repaid		Balance outstanding	
	2016	2015	2016	2015	2016	2015
	£	£	£	£	£	£
Mr M J Williams	(1,001,187)	(923,124)	534,870	467,753	(813,908)	(347,591)

30. Related party transactions

Group

During the year R&M Williams Limited recharged expenditure amounting to £8,732 (2015 - £nil) and received services totalling £33,768 (2015 - £nil) from FRS Contractor Solutions Limited. At the yearend there was a balance of £3,615 (2015 - £nil) due from FRS Contractor Solutions Limited to R&M Williams Limited.

During the year R&M Williams Limited purchased goods amounting to £3,621,789 (2015 - £433,341) and sold services totalling £325,803 (2015 - £129,611) to JT Merchants Limited. At the yearend there was a balance of £590,271 (2015 - £136,447) due from R&M Williams Limited to JT Merchants Limited.

R&M Williams Limited and FRS Contractor Solutions Limited are subsidiaries of R&M Williams (Holdings) Limited.

Mr M Williams is a director and controlling shareholder in JT Merchants Limited and R&M Williams (Holdings) Limited.

Company

During the year R&M Williams Limited recharged expenditure amounting to £30,622 (2015 - £274,435) and purchased services totalling £nil (2015 - £120,960) from R&M Williams (Holdings) Limited. At the yearend there was a balance of £1,068,157 (2015 - £714,376) due from R&M Williams (Holdings) Limited to R&M Williams Limited.

During the year R&M Williams (Holdings) Limited recharged expenditure amounting to £104,401 (2015 - £nil) to FRS Contractor Solutions Limited. At the yearend there was a balance of £19,470 (2015 - £nil) due from FRS Contractor Solutions Limited to R&M Williams (Holdings) Limited.

At the yearend there was a balance of £165,665 (2015 - £157,144) due from JT Merchants Limited to R&M Williams (Holdings) Limited.

31. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The group and the company transitioned to FRS 102 on 1 February 2014.

No transitional adjustments were required in equity or profit or loss for the year.