

Registered number: 05660708

DIAMOND BUILD (HOLDINGS) PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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DIAMOND BUILD (HOLDINGS) PLC

COMPANY INFORMATION

Directors	J A Gray MCIOB MIOD S R Lakhani FCCA P Brooks (<i>appointed 22 May 2015</i>)
Company secretary	S R Lakhani FCCA
Registered number	05660708
Registered office	52-68 Stamford Road Tottenham London N15 4PZ
Trading Address	52-68 Stamford Road Tottenham London N15 4PZ
Independent auditors	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditors Euro House 1394 High Road London N20 9YZ
Solicitors	Curwens Solicitors Crossfields House Gladbeck Way Enfield Middlesex EN2 7HT

DIAMOND BUILD (HOLDINGS) PLC

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DIAMOND BUILD (HOLDINGS) PLC

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

Introduction

The Group's Directors present their Group Strategic Report for the year ending 31st December 2015.

Principal activities and business review

Our turnover for the year reached £14 million which was a substantial improvement on the previous year's turnover of £8 million. Our profits have also increased to £167,580 or 1.2% on turnover, this is after we have accounted for exceptional redundancy costs of £52,909 and the right down of the set up costs for our Diamond Fire business of £85,000. The underlying performance after taking account of these exceptional costs is a profit of 2%. This is coupled with greatly improved liquidity with the cash at bank standing at over £2,000,000 at the end of the year. Overall the business has performed well this year and proved a turning point for the business as the strategy of the company unfolds taking it on a route of steady growth with sustainable profits.

During the year the Group created a joint venture company with Kind & Co Limited (Kind Diamond Build Consortium Limited) to act as a joint venture company to bid for the London Construction Programme. The bid was successful and this company commenced trading in 2016.

This is leading to a further increase of turnover for 2016 however we are finding that clients in the public sector are taking longer to place orders after the tenders have been won which is delaying our progress nonetheless we still have a strong orderbook. Our first Contract for the London Construction Programme only started in March 2016 although it had been won much earlier in 2015. We expect to increase our turnover by circa 15% and our profitability to 1.5% of turnover in 2016.

The principle activity of the company during the year was that of New Build Housing above New Commercial Units, School Refurbishment / Improvement and Extensions, Passive Fire Safety Improvements to social housing, Roof Renewal programme, and general repairs, alterations, refurbishments, aids and adaptation works for the public sector.

We had a good spread of work during the year both in the type of contracts and their geographical location – the most notable listed below:-

1. A window replacement contract for the London Borough of Wandsworth worth £2.4 million
2. Two passive fire improvement programmes for the London Borough of Brent worth £3.6 million.
3. A new build design and build commercial and housing project for Basildon Council worth £1.7 million.
4. A roof renewal programme for the South Essex Homes worth £1.7 million.
5. A Commercial to Housing refurbishment contract for the London Borough of Redbridge worth £737 thousand.

During 2015 we were successful in our bids to be placed on two further frameworks:-

1. For the London Housing Consortium Fire Door Programme. This is a four year Framework for the supply and fitting of doors which can be accessed by any Public sector client within the Greater London area.
2. For the London Borough of Ealing for Passive Fire improvements to Housing for the Western part of the Borough with an expected value of £4 million over four years.

We have strengthened our Company with a number of new staff appointments particularly on the operational side of the business which will put us in a good position to deliver our contracts on time to the satisfaction of the Clients. We have also employed a professional Bid Writer to improve our hit rate on tenders where quality counts as part of our submission. Our estimating team has been strengthened to enable us to cope with a greater volume of work.

DIAMOND BUILD (HOLDINGS) PLC

GROUP STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2015

Development since the end of the year

We have received the following orders since the start of the year which is providing us with a good start to the year:-

Blenheim Court Garages - London Borough of Islington	£1.3m
Highbury Pool - London Borough of Islington	£2.2m
Convent Estate - London Borough of Wandsworth	£1.4m
Wellington Primary School - London Borough of Hounslow	£1.3m
Rollit House - London Borough of Camden	£1.1m
LCP Woodberry Down Primary School - London Borough of Camden	£2.2m
Fire Safety Works Phase II - London Borough of Ealing	£1.3m
Fire Safety Doors and Associated Works	£0.2m

TOTAL VALUE	£11m
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We are making a strategic shift in our business this year and will be restructuring to clearly define the roll of Diamond Build plc as a major building contractors concentrating on works above £500,000 in value.

A Subsidiary will be formed called Diamond Special Works Ltd to cater for works under £500,000 and the other subsidiary Company Diamond Fire Safety Ltd will be responsible for carrying out all passive fire improvement works. Both of these companies will have separate management teams to deliver and promote them.

Qualifications & Accreditation

We maintained the following during the year:

Quality Management - ISO 9001:2008
Health & Safety - BS OHSAS 18001:2007
Health & Safety - CHAS
Health & Safety - SAFE contractor
The Environment - ISO14001:2004
Investor in People - IIP:2007
TRADA 'Q' MARK - Fire Door Registered Installer Scheme
Construction Skills Certification Scheme - CSCS Platinum Award
Chartered Building Company - Chartered Institute Building
EXOR - Silver CF 8619
Construction Line - 7495
Apprenticeship - Recognition Award
Training Partnership - Chartered Institute of Building

Purchasing and facility management

Our business model is changing to a more traditional 'supply chain' lead business and therefore we are running down our stock and storage facilities. It is intended that materials will be delivered direct to site in the future or will be supplied and fitted by specialist subcontractors.

DIAMOND BUILD (HOLDINGS) PLC

GROUP STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2015

Information communication technology

This year we have maintained our policy of keeping abreast of technology advances:

1. All site offices are now upgraded with 4G internet and currently implementing wireless printing services which are proven to be reliable and efficient.
2. Office multifunctional copiers have been upgraded with latest versions and continue to use secondary copier as a backup copier.
3. Staff's monitors are currently been upgraded to 27" widescreen monitors, in addition to their lap top screens to help with user efficiency when working on large documents.
4. BT Net service contract is reviewed and upgraded the speed to support current demand while maintaining SLA with 4hr responds from BT for any faults.
5. Server upgrade has scheduled and planned to migrate 7 physical servers into virtual servers, which will be run by two physical servers.
6. New storage solution will be implemented to optimised storage requirements on the company.
7. All backups will be maintained according to in-house schedules, offsite backups are made internally and store in offsite secure fire safe.
8. All service agreements are maintained to provide optimised services for usage.

Human resources

Attracting, retaining and developing the best people for Diamond Build PLC is key to our success.

We have continued to develop and enhance skills across the business and there are currently 6 graduates and 2 apprentices on our development programmes.

In parallel we have also developed a structured approach to management training through our appraisal process to ensure that opportunities are created for career development and skills enhancement.

Our remuneration policy has been reviewed and is designed to attract and retain high-calibre individuals in an increasingly competitive market.

In addition conditions of employment have also been reassessed against the prevailing market and benchmarked alongside our competitors to ensure that we remain competitive at all levels.

We remain strong supporters of Investors in People and this year we have embarked on the transition to the new sixth generation standard. The business has again benefited from the application of the framework which in line with our objectives supports sustainable performance through people.

For the first time we have this year involved employees in the development of the business plan such that they understand the organization strategy and take ownership over delivering the objective.

We continue to promote health and wellbeing in the workplace and have delivered a number of changes to enhance the working environment for employees.

DIAMOND BUILD (HOLDINGS) PLC

**GROUP STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015**

Financial key performance indicators

The Group's turnover was £14m (2014: £8.1m)

Gross Profit Margin was 10.4% (2014: 12.7%)

Overheads were increased by 24% to £1.2m (up from £1m in 2014)

The net worth for the Group now stands at £814,723 (2014: £647,143)

Debtor days was 31 days (2014: 55)

Creditor days was 29 days (2014: 13)

This report was approved by the board and signed on its behalf.



J A Gray MCIQB MIOB
Director

Date:

13/6/2016

DIAMOND BUILD (HOLDINGS) PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their report and the financial statements for the year ended 31 December 2015.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group financial statements and then apply them consistently;
- make judgments 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 Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £167,580 (2014 - £89,657).

During the year, no dividends were paid.

Directors

The directors who served during the year were:

J A Gray MCIOB MIOD
S R Lakhani FCCA
P Brooks (appointed 22 May 2015)

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company and the Group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the Group's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Group since the year end.

DIAMOND BUILD (HOLDINGS) PLC

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015**

Auditors

The auditors, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.


J A Gray MCI OB MIOB
Director

Date: 13/6/2016

DIAMOND BUILD (HOLDINGS) PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DIAMOND BUILD (HOLDINGS) PLC

We have audited the financial statements of Diamond Build (Holdings) Plc for the year ended 31 December 2015, set out on pages 9 to 31. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 '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 Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's 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 directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group 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 financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent company's affairs as at 31 December 2015 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 Group 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 directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

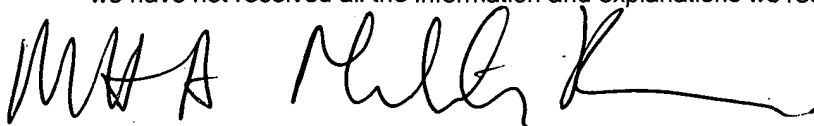
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit

DIAMOND BUILD (HOLDINGS) PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DIAMOND BUILD (HOLDINGS) PLC

- 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 directors' remuneration specified by law are not made; or
 - we have not received all the information and explanations we require for our audit.



Brendan Sharkey FCA (Senior Statutory Auditor)

for and on behalf of
MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

Euro House
1394 High Road
London

N20 9YZ

Date:

13th June 2016

DIAMOND BUILD (HOLDINGS) PLC

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 £	2014 £
Turnover	3	13,991,215	8,121,062
Cost of sales		(12,537,490)	(7,086,136)
Gross profit		1,453,725	1,034,926
Administrative expenses		(1,238,149)	(998,021)
Other operating income	4	-	56,068
Staff profit share		(43,666)	-
Operating profit	5	171,910	92,973
Interest receivable and similar income	9	3,255	8,650
Interest payable and expenses	10	(902)	(13,799)
Profit before taxation		174,263	87,824
Tax on profit	11	(6,683)	1,833
Profit for the year		167,580	89,657
Total comprehensive income for the year		167,580	89,657
Owners of the parent Company		167,580	89,657
		167,580	89,657

DIAMOND BUILD (HOLDINGS) PLC
REGISTERED NUMBER:05660708

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2015

	Note	2015 £	2014 £
Fixed assets			
Tangible assets	13	17,924	43,976
		<u>17,924</u>	<u>43,976</u>
Current assets			
Stocks	15	30,849	82,090
Debtors: amounts falling due within one year	16	2,426,599	2,186,413
Cash at bank and in hand	17	2,109,919	569,361
		<u>4,567,367</u>	<u>2,837,864</u>
Creditors: amounts falling due within one year	18	(3,133,558)	(1,743,634)
Net current assets		<u>1,433,809</u>	<u>1,094,230</u>
Total assets less current liabilities		<u>1,451,733</u>	<u>1,138,206</u>
Provisions for liabilities			
Other provisions	21	(637,010)	(491,063)
		<u>(637,010)</u>	<u>(491,063)</u>
Net assets		<u>814,723</u>	<u>647,143</u>
Capital and reserves			
Called up share capital	22	50,000	50,000
Other reserves	23	50,000	50,000
Profit and loss account	23	714,723	547,143
Equity attributable to owners of the parent Company		<u>814,723</u>	<u>647,143</u>

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


J A Gray MCIQB MIOD
 Director

Date: 13/6/2016

The notes on pages 15 to 31 form part of these financial statements.

DIAMOND BUILD (HOLDINGS) PLC
REGISTERED NUMBER:05660708

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2015

	Note	2015 £	2014 £
Fixed assets			
Investments	14	50,003	50,003
		<u>50,003</u>	<u>50,003</u>
Current assets			
Debtors: amounts falling due within one year	16	405,600	405,600
		<u>405,600</u>	<u>405,600</u>
Creditors: amounts falling due within one year	18	(405,603)	(405,603)
		<u>(405,603)</u>	<u>(405,603)</u>
Net current liabilities		<u>(3)</u>	<u>(3)</u>
Total assets less current liabilities		<u>50,000</u>	<u>50,000</u>
Net assets excluding pension asset		<u>50,000</u>	<u>50,000</u>
Net assets		<u>50,000</u>	<u>50,000</u>
Capital and reserves			
Called up share capital	22	50,000	50,000
		<u>50,000</u>	<u>50,000</u>

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


J A Gray
 Director

Date: 13/6/2016 .

DIAMOND BUILD (HOLDINGS) PLC

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Share capital £	Other reserves £	Retained earnings £	Equity attributable to owners of parent Company £	Total equity £
At 1 January 2015	50,000	50,000	547,143	647,143	647,143
Comprehensive income for the year					
Profit for the year	-	-	167,580	167,580	167,580
Actuarial gains on pension scheme	-	-	-	-	-
At 31 December 2015	50,000	50,000	714,723	814,723	814,723

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Share capital £	Other reserves £	Retained earnings £	Equity attributable to owners of parent Company £	Total equity £
At 1 January 2014 (as previously stated)	50,000	50,000	512,382	612,382	612,382
Prior year adjustment	-	-	(54,896)	(54,896)	(54,896)
At 1 January 2014 (as restated)	50,000	50,000	457,486	557,486	557,486
Comprehensive income for the year					
Profit for the year	-	-	89,657	89,657	89,657
At 31 December 2014	50,000	50,000	547,143	647,143	647,143

The notes on pages 15 to 31 form part of these financial statements.

DIAMOND BUILD (HOLDINGS) PLC

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Share capital £	Total equity £
At 1 January 2015	50,000	50,000
Total comprehensive income for the year	-	-
At 31 December 2015	<u>50,000</u>	<u>50,000</u>

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Share capital £	Total equity £
At 1 January 2014	50,000	50,000
Total comprehensive income for the year	-	-
At 31 December 2014	<u>50,000</u>	<u>50,000</u>

The notes on pages 15 to 31 form part of these financial statements.

DIAMOND BUILD (HOLDINGS) PLC

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015**

	2015 £	2014 £
Cash flows from operating activities		
Profit for the financial year	167,580	89,657
Adjustments for:		
Depreciation of tangible assets	16,264	30,637
Loss on disposal of tangible assets	(10,862)	-
Decrease in stocks	51,241	(27,220)
Interest paid	902	13,799
Interest received	(3,255)	(8,650)
Taxation	6,683	(1,833)
Increase in debtors	(260,119)	393,173
Increase in creditors	1,389,924	(228,693)
Increase in provisions	145,947	(375,529)
Corporation tax	13,250	(5,936)
Net cash generated from operating activities	1,517,555	(120,595)
Cash flows from investing activities		
Purchase of tangible fixed assets	-	(7,024)
Sale of tangible fixed assets	20,650	-
Interest received	3,255	8,650
Net cash from investing activities	23,905	1,626
Cash flows from financing activities		
Repayment of other loans	-	(202,385)
Interest paid	(902)	(13,799)
Net cash used in financing activities	(902)	(216,184)
Net increase / (decrease) in cash and cash equivalents	1,540,558	(335,153)
Cash and cash equivalents at beginning of year	569,361	904,514
Cash and cash equivalents at the end of year	2,109,919	569,361
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,109,919	569,361
	2,109,919	569,361

The notes on pages 15 to 31 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

1. Accounting policies

1.1 Company information

Diamond Build (Holdings) Plc is a public limited company incorporated in England and Wales, registration number 05660708. The registered office and principal place of business are detailed on the Company information page. The nature of the operations of the group and its principals activities are included in the Strategic report.

1.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

This is the first year in which the financial statements have been prepared under FRS 102. The date of transition is 1 January 2014. First-time adoption of FRS 102 has not had any impact on the financial statements, results or reserves at the date of transition, at 31 December 2014 or 31 December 2015, (see note 27).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the company's accounting policies (see note 2).

The company's functional and presentational currency is £ sterling and figures are rounded to £1.

The following principal accounting policies have been applied:

1.3 Basis of consolidation

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2014. Therefore, the Group continues to recognise a merger reserve which arose on a past business combination that was accounted for as a merger in accordance with UK GAAP as applied at that time.

The company has taken advantage of the exemption under section 408 of the Companies Act 2006 and has not presented its own statement of Comprehensive Income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

1. Accounting policies (continued)

1.4 Going concern

After reviewing the cashflow forecast and projections, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

1.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

Amounts recoverable on contracts are included in debtors.

1.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

1. Accounting policies (continued)

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

The estimated useful lives range as follows:

Leasehold property improvements	- over the term of the lease
Motor vehicles	- 20% straight line
Computer equipment	- 33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Consolidated Statement of Comprehensive Income.

1.7 Operating leases: Lessee

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

1.8 Amounts recoverable on contracts

Amounts recoverable on contracts comprises work completed or measured parts thereof not yet invoiced to customers and is stated after making due allowance for irrecoverable amounts and provision for snagging costs. Profit on contracting activities is taken as work progresses, unless a more conservative approach is necessary. The percentage margin on each individual contract is the lower of the margin earned to date and that forecast to completion, taking account of agreed claims. Full provision is made for all known or expected losses on individual contracts. Amounts recoverable on contracts are included in debtors.

1.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated Profit and Loss Account for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

1. Accounting policies (continued)

1.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

1.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

1.13 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- i) at fair value with changes recognised in the Profit and Loss Account if the shares are publicly traded or their fair value can otherwise be measured reliably;

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

1. Accounting policies (continued)

1.13 Financial instruments (continued)

- ii) at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss Account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

1.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.15 Finance costs

Finance costs are charged to the Profit and Loss Account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.16 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payments obligations.

The contributions are recognised as an expense in the Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

1.17 Interest income

Interest income is recognised in the Profit and Loss Account using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

1. Accounting policies (continued)

1.18 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

1.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and Loss Account in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

1.20 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

DIAMOND BUILD (HOLDINGS) PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

2. Judgements in applying accounting policies and key sources of estimation uncertainty

The directors consider that the critical accounting policies where judgements and estimations have been applied relate to the tangible asset lives; amounts recoverable on long term contracts provisions; and stock valuation. In respect of the life of tangible fixed assets, judgements are made on the useful economic life and residual values of plant and machinery. The directors have concluded that the asset values and residual values are appropriate. In respect of amounts recoverable on contracts, the directors consider the changes in economic conditions in respect of all estimates and have concluded that amounts recoverable on contracts are appropriately included. In respect of provisions and stock valuation, the directors have concluded that the provisions applied and the stock valuations are appropriate.

3. Analysis of turnover

All turnover arose within the United Kingdom.

4. Other operating income

	2015 £	2014 £
Other operating income	-	56,068

5. Operating profit

The operating profit is stated after charging:

	2015 £	2014 £
Profit on sale of tangible assets	(10,862)	-
Depreciation of tangible fixed assets	16,264	30,637
Operating lease rentals - plant and machinery	55,096	37,192
Operating lease rentals - land and buildings	84,515	84,500
Defined contribution pension cost	29,645	47,135
Staff profit share	43,666	-

Staff profit share - the Group has a profit share scheme for its employees based on the financial performance of the Group. The payout for this year was £43,666, including Employer's national insurance.

DIAMOND BUILD (HOLDINGS) PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

6. Auditors' remuneration

	2015 £	2014 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	15,750	13,900
Fees payable to the Group's auditor and its associates in respect of:		
All other services	<u>21,195</u>	<u>15,763</u>

7. Employees

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

	2015 £	2014 £
Wages and salaries	1,787,184	1,693,938
Social security costs	181,629	160,727
Cost of defined contribution scheme	29,645	47,135
	<u>1,998,458</u>	<u>1,901,800</u>

Redundancy costs of £52,909 (2014: £Nil) on terminated employment are included in wages and salaries.

The average monthly number of employees, including the directors, during the year was as follows:

	2015 No.	2014 No.
Production staff	28	19
Administrative staff	13	13
Management staff	30	25
	<u>71</u>	<u>57</u>

DIAMOND BUILD (HOLDINGS) PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

8. Directors' remuneration

	2015 £	2014 £
Directors' emoluments	234,901	199,603
Company contributions to defined contribution pension schemes	10,179	42,019
	<u>245,080</u>	<u>241,622</u>

During the year retirement benefits were accruing to 2 directors (2014 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £74,333 (2014 - £72,963).

The value of the group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £5,603 (2014 - £2,335).

9. Interest receivable

	2015 £	2014 £
Other interest receivable	3,255	8,650
	<u>3,255</u>	<u>8,650</u>

10. Interest payable and similar charges

	2015 £	2014 £
Bank interest payable	902	4,255
Other loan interest payable	-	9,544
	<u>902</u>	<u>13,799</u>

DIAMOND BUILD (HOLDINGS) PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

11. Taxation

	2015 £	2014 £
Corporation tax		
Current tax on profits for the year	-	(1,833)
	-	(1,833)
Total current tax	-	(1,833)
Deferred tax		
Origination and reversal of timing differences	6,683	-
Total deferred tax	6,683	-
Taxation on profit/(loss) on ordinary activities	6,683	(1,833)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2014 - lower than) the standard rate of corporation tax in the UK of 20.25% (2014 - 21.49%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	174,263	87,824
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21.49%)	35,288	18,873
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,917	2,171
Adjustments to tax charge in respect of prior periods	-	(1,833)
Non-taxable income	(16,495)	(17,499)
Deferred tax not recognised	(303)	1,405
Differences in tax rates - Deferred tax	(13,724)	(4,950)
Total tax charge for the year	6,683	(1,833)

Factors that may affect future tax charges

DIAMOND BUILD (HOLDINGS) PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

11. Taxation (continued)

Based on current plans, the group expects to be able to continue to claim capital allowances in excess of depreciation in future years. The group has brought forward tax losses at which continues to reduce tax payments.

The tax assessed for the corporation tax rate from 21% to 20% on 1 April 2015. Further reductions to 19% on 1 April 2017 and 18% from 1 April 2020 were substantively enacted on 26 October 2015. Deferred tax has therefore been provided at 18%. The Chancellor's budget of 16 March 2016 included a further reduction in corporation tax rate to 17% from 1 April 2020. Deferred tax has been provided for at 18% as the further rate reduction has not yet been substantively enacted.

12. Parent Company Profit for the year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent company for the year was £Nil (2014 - £Nil).

13. Tangible fixed assets**Group**

	Leasehold improvements £	Motor vehicles £	Computer equipment £	Total £
Cost or valuation				
At 1 January 2015	28,310	294,200	7,024	329,534
Disposals	(28,310)	(153,218)	-	(181,528)
At 31 December 2015	-	140,982	7,024	148,006
Depreciation				
At 1 January 2015	24,788	259,239	1,531	285,558
Charge owned for the period	3,522	10,401	2,341	16,264
Disposals	(28,310)	(143,430)	-	(171,740)
At 31 December 2015	-	126,210	3,872	130,082
Net book value				
At 31 December 2015	-	14,772	3,152	17,924
At 31 December 2014	3,522	34,961	5,493	43,976

DIAMOND BUILD (HOLDINGS) PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

14. Fixed asset investments**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Diamond Build Plc	United Kingdom	Ordinary shares	100 %	Building contractors
Diamond Fire Safety Limited	United Kingdom	Ordinary shares	100 %	Fire protection 'turnkey' solutions
P J Diamond (Building Contractors) Limited	United Kingdom	Ordinary shares	100 %	Dormant

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2015	50,003
At 31 December 2015	50,003
At 31 December 2015	-
Net book value	
At 31 December 2015	50,003
At 31 December 2014	50,003

In the opinion of the directors the value of the company's investment in subsidiary undertakings is not less than the amount at which they are stated in the financial statements.

DIAMOND BUILD (HOLDINGS) PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

15. Stocks

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Raw materials and consumables	30,849	82,090	-	-
	30,849	82,090	-	-

There was no material difference between the replacement cost of stocks and the amounts stated above.

The amount of stock recognised as an expense in cost of sales in the year was £2,311,841 (2014: £1,703,661).

The current replacement cost is not materially different from the amount at which the stocks are stated in the accounts.

16. Debtors

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Trade debtors	1,216,079	1,223,993	-	-
Amounts owed by group undertakings	-	-	405,600	405,600
Other debtors	375,937	181,410	-	-
Prepayments and accrued income	127,233	42,373	-	-
Amounts recoverable on long term contracts	377,689	402,293	-	-
Deferred taxation	329,661	336,344	-	-
	2,426,599	2,186,413	405,600	405,600

Included in group debtors is £321,801 (2014: £336,344) of deferred taxation due in more than one year.

17. Cash and cash equivalents

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Cash at bank and in hand	2,109,919	569,361	-	-
	2,109,919	569,361	-	-

DIAMOND BUILD (HOLDINGS) PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

18. Creditors: Amounts falling due within one year

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Trade creditors	992,158	284,111	-	-
Amounts owed to group undertakings	-	-	405,603	405,603
Taxation and social security	416,327	243,667	-	-
Other creditors	48,000	215	-	-
Accruals and deferred income	1,677,073	1,215,641	-	-
	<u>3,133,558</u>	<u>1,743,634</u>	<u>405,603</u>	<u>405,603</u>

19. Financial instruments

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Financial assets				
Financial assets measured at fair value through profit or loss	2,109,919	569,361	-	-
Financial assets that are debt instruments measured at amortised cost	1,976,071	1,807,696	405,600	405,600
	<u>4,085,990</u>	<u>2,377,057</u>	<u>405,600</u>	<u>405,600</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(1,040,158)	(284,326)	(405,603)	(405,603)
	<u>(1,040,158)</u>	<u>(284,326)</u>	<u>(405,603)</u>	<u>(405,603)</u>

Financial assets measured at amortised cost comprise trade debtors, amounts recoverable on long term contracts and certain other debtors.

Financial Liabilities measured at amortised cost comprise trade creditors and certain other creditors.

DIAMOND BUILD (HOLDINGS) PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

20. Deferred taxation**Group**

	Deferred tax £
At 1 January 2015	336,344
Charged to the profit or loss	(6,683)
At 31 December 2015	329,661

The company has no deferred tax.

The deferred tax asset is made up as follows:

	Group 2015 £	Group 2014 £
Accelerated capital allowances	6,500	7,145
Tax losses carried forward	323,161	329,199
	329,661	336,344

21. Provisions**Group**

	Provision £
At 1 January 2015	491,063
Charged to the profit or loss	145,947
At 31 December 2015	637,010

The group provision represents the retention payments due to subcontractors on works completed subject to any costs of rectification.

The company has no provision.

22. Share capital

	2015 £	2014 £
Allotted, called up and fully paid		
50,000 Ordinary Shares shares of £1 each	50,000	50,000

DIAMOND BUILD (HOLDINGS) PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

23. Reserves**Other reserves**

The capital redemption reserve is a non-distributable reserve and represents amounts retained on redemption of preference shares.

Profit and loss account

The profit and loss account is represented by retained earnings. Changes in reserves are set out in the Statement of Changes in Equity.

24. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £29,645 (2014: £47,135). Contributions totalling £Nil (2014: £215) were payable to the fund at the year end and are included in creditors.

25. Commitments under operating leases

At 31 December 2015 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2015 £	Group 2014 £
Land and buildings		
Not later than 1 year	74,800	84,500
Later than 1 year and not later than 5 years	180,000	387,000
Later than 5 years	-	-
Total	254,800	471,500
Other		
Not later than 1 year	34,104	-
Later than 1 year and not later than 5 years	34,241	-
Total	68,345	-

DIAMOND BUILD (HOLDINGS) PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

26. Related party transactions

During the year the group paid rent of £60,000 (2014: £60,000) to the Diamond Build Plc Executive Pension Scheme. J A Gray, a director, is also a trustee and a beneficiary of the scheme. At the year end, £Nil was outstanding (2014: £Nil).

During the year the company carried out refurbishment works totalling £111,922 (2014: £Nil) on the property under the control of Diamond Build Plc Executive Pension Scheme. At the year end, £111,992 (2014: £Nil) was due from the pension scheme in respect of this transaction and is included in amounts recoverable on contract.

During the year the company paid £1,025 (2014: £20,246) on behalf of Diamond Build Plc Executive Pension Scheme for fees preliminary fees incurred for refurbishment works. At the year end, £21,271 was due from the pension scheme in respect of these amounts and are included in other debtors.

During the year the group provided services totalling £17,500 (2014: £62,974) to and received services totalling £4,059 (2014: £2,576) from Diamond Facilities Support Limited. J A Gray, a director, has an interest in Diamond Facilities Support Limited. At the year end, accrued income of £1,458 (2014: £Nil) was due from Diamond Facilities Support Limited.

During the year the group received services totalling £55,580 (2014: £99,882) from and provided services totalling £24,270 (2014: £20,000) to Diamond Leasing Limited, a company which is controlled by the shareholder and director, J A Gray. At the year end £Nil (2014: £30,000) was due from Diamond Leasing Limited.

During the year the group provided short term loans totalling £70,000 to Diamond Leasing Limited. At the year end, £60,000 (2014: £Nil) was due from Diamond Leasing Limited. The loan is unsecured, interest free and repayable on demand.

The group considers its key management personnel to be solely the directors, whose remuneration is disclosed in note 8.

At the year end, the group owed J A Gray, the group's director and shareholder, £48,000 (2014: £Nil). The loan is unsecured, interest free and repayable on demand.

At the year end, the group was due £749 (2014: £Nil) from P Brooks, the group's director. The loan is unsecured, interest free and repayable on demand.

At the year end, the group owed P Hoskins, the group's director, £461 (2014: £Nil). The loan is unsecured, interest free and repayable on demand.

During the year, the group received services totalling £38,873 (2014: £81,800) from Forbes Business Solutions Limited, a company in which the group's director, D P Forbes, is the shareholder and director. At the year end, £Nil (2014: £nil) was due to Forbes Business Solutions Limited.

27. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.