

Manco South Limited

Annual report

30 April 2018

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Manco South Limited

Annual report

Year ended 30 April 2018

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Manco South Limited

Company information

The board of directors

Mr M A Hickey
Mr J G Hickey
Mr P D Timlin

Registered office

Redeham Hall
137 Redenham Road
Burstow
Surrey
RH6 9RJ

Auditor

Moore Stephens LLP
Chartered Accountants and Statutory Auditor
150 Aldersgate Street
London
United Kingdom
EC1A 4AB

Bankers

Lloyds Bank
2 City Place
Beehive Ring Road
Gatwick
West Sussex
RH6 0PA

Solicitors

Irwin Mitchell LLP
Belmont House
Station Way
Crawley
RH10 1JA

Manco South Limited

Strategic report (continued)

Year ended 30 April 2018

The directors present their strategic report for Manco South Group ("the group") for the year ended 30 April 2018.

Business review

The directors are pleased to report another profitable performance for the group. During the year turnover decreased by £17,287,356 or 17%, however gross profit increased by £1,920,875 or 15% and profit before tax increased by £1,668,794 or 52%. This is consistent with the improving trend in the construction sector.

The group's overall objective is to deliver shareholder value, through the profitable winning and delivery of groundwork, remediation and concrete frame construction contracts.

The objective is achieved through a strategy of building long term relationships with key clients and suppliers; recruiting and retaining highly skilled professionals in the field of estimating, surveying, construction and business management; and building a reputation of reliability, competence and safety by focusing on the group's core expertise.

Outlook

Given the relatively small number of tier one house builders, the group's business model is repeat contracts with key clients whilst engaging with smaller developers where profit opportunities exist.

The group's success is largely tied to the residential housing market which in turn is tied to the wider economic environment, both of which are subject to current economic uncertainties. The directors remain vigilant to risks in the wider housing market.

Coinford will, subject to satisfactory margins, seek to grow turnover in the year ahead.

Principal risks and uncertainties

The group's principal business risks are:

Operational risks

These include loss making contracts from poor estimating or execution. These risks are managed by regular board oversight of contract performance and tenders.

Coinford is mindful of the need to recruit and retain specialist personnel and monitors the market for such specialisms and ensures remuneration is appropriate.

Compliance risks

These include health & safety, employment and environmental legislation. Coinford maintains a high reputation for health and safety excellence and this is the first matter discussed at Board meetings. The business monitors the legal environment and adjusts business processes as required.

Economic risks

As noted above the wider economic environment and the state of the residential housing market remain a key risk. The business monitors market conditions and adjust capital and overhead expenditure accordingly.

Manco South Limited

Strategic report

Year ended 30 April 2018

Financial key performance indicators

Coinford maintains KPIs on:

Health & Safety – accident statistics are reviewed monthly which compare favourably to industry and trade body averages.

Working capital – Debtor and creditor days and cashflow are tracked.

Profitability – contract profit is tracked by client and contract. Since 70% of administrative expenses are staff costs headcount is tracked and managed carefully.

Signed on behalf of the directors

P D Timlin
Director



Approved by the directors on 31 October 2018

Manco South Limited

Directors' report

Year ended 30 April 2018

The directors present their report and the audited financial statements of the group for the year ended 30 April 2018.

Principal activity

The principal activity of the Group is that of provision of groundwork and building construction services.

Results and dividends

The profit for the year, after taxation, amounted to £4,148,229.

The directors have not recommended the payment of a dividend.

Directors

The directors who served the company during the year were as follows:

Mr M A Hickey
Mr J G Hickey
Mr P D Timlin

During the year the Group purchased insurance cover for the directors against liabilities and indemnities that may arise in relation to the Group, which remained in place at the date of this report.

Financial instruments

Further information regarding the Group's financial instruments related policies and a consideration of its liquidity and other financing risks are in note 1 to the financial statements.

Going Concern

After making enquiries, the Directors have formed a judgement that, as at the date of approving the financial statements, there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing the accounts.

Directors' responsibilities

The directors are responsible for preparing 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 of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Strategic report

The business review and principal risks are presented within the strategic report on pages 2 and 3.

Manco South Limited

Directors' report

Year ended 30 April 2018

Research and development

The group has invested £1.3m (2017: £1m) in research and development activities on projects in the course of seeking and delivering innovative solutions for our clients.

Disclosure of information to auditors

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'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 company's auditor is aware of that information.

Subsequent events

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

Auditor

Under section 487(2) of the Companies Act 2006, Moore Stephens LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

Signed on behalf of the directors

P D Timlin
Director



Approved by the directors on

31 October 2018

Manco South Limited

Independent auditor's report to the shareholders of Manco South Limited

Year ended 30 April 2018

Opinion

We have audited the group and parent company financial statements ("the financial statements") of Manco South Limited for the year ended 30 April 2018 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice). (United Kingdom Generally Accepted Accounting Practice).

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 30 April 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in 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

In the light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Manco South Limited

Independent auditor's report to the shareholders of Manco South Limited (continued)

Year ended 30 April 2018

Use of our report

This report is made solely to the group'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 group's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the group and the group's members, as a body, for our audit work, for this report, or for the opinions we have formed.



RICHARD WILLIS ACA (Senior Statutory Auditor)

for and on behalf of
Moore Stephens LLP

Statutory Auditor

150 Aldersgate Street
London
EC1A 4AB

Date:

14/11/2018

Manco South Limited**Consolidated Statement of Comprehensive Income****Year ended 30 April 2018**

	Note	2018 £	2017 £
Group turnover	2	84,175,862	101,463,218
Cost of sales		(69,263,095)	88,471,326
Gross profit		14,912,767	12,991,892
Administrative expenses		(9,843,696)	9,554,702
Operating profit	3	5,069,071	3,437,190
Interest receivable		23,494	32,057
Interest payable and similar charges	6	(194,139)	(239,742)
Profit on ordinary activities before taxation		4,898,426	3,229,505
Tax on profit on ordinary activities	7	(750,197)	58,934
Profit for the financial year		4,148,229	3,170,571
Total comprehensive income for the year		4,148,229	3,170,571

All of the activities of the group are classed as continuing.

The notes on pages 14 to 25 form part of these financial statements.

Manco South Limited**Consolidated Statement of Financial Position****As at 30 April 2018**

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	9	675,920	1,365,980
Tangible assets	10	8,042,256	9,468,003
		<u>8,718,176</u>	<u>10,833,983</u>
 Current assets			
Debtors	12	20,253,301	22,217,515
Cash and cash equivalents		9,176,469	5,647,626
		<u>29,429,770</u>	<u>27,865,141</u>
 Creditors: amounts falling due within one year	14	<u>(21,488,610)</u>	<u>(25,432,862)</u>
 Net current assets / (liabilities)		<u>7,941,160</u>	<u>2,432,279</u>
 Total assets less current liabilities		<u>16,659,336</u>	<u>13,266,262</u>
 Creditors: amounts falling due after more than one year	15	<u>(4,176,178)</u>	<u>(4,931,333)</u>
		<u>12,483,158</u>	<u>8,334,929</u>
 Capital and reserves			
Called up equity share capital	19	2,000,000	2,000,000
Merger reserve	20	(3,499,899)	(3,499,899)
Retained earnings	20	13,983,057	9,834,828
 Shareholders' funds		<u>12,483,158</u>	<u>8,334,929</u>

These financial statements were approved by the board and were signed on its behalf by on

31 October 2018

**P D Timlin**
Director

The notes on pages 14 to 25 form part of these financial statements.

Manco South Limited

Statement of Financial Position

As at 30 April 2018

	Note	2018 £	2017 £
Fixed assets			
Investments	11	<u>4,499,999</u>	<u>4,499,999</u>
Current assets			
Debtors	12	-	1
Cash and cash equivalents		<u>1,050,741</u>	<u>895</u>
Total assets		<u><u>5,550,740</u></u>	<u><u>4,500,895</u></u>
Capital and reserves			
Called up equity share capital	19	<u>2,000,000</u>	<u>2,000,000</u>
Retained earnings		<u>3,550,740</u>	<u>2,500,895</u>
Shareholders' funds		<u><u>5,550,740</u></u>	<u><u>4,500,895</u></u>

A separate profit and loss account for the company is not presented as permitted by section 408 of the Companies Act 2006. The profit after taxation of the company was £1,049,845 (2017 - £1,964,895).

These financial statements were approved by the board and were signed on its behalf by on

31 October 2018



P D Timlin
Director

Company Registration Number: 09434310

The notes on pages 14 to 25 form part of these financial statements.

Manco South Limited**Statement of Changes in Equity****Year ended 30 April 2018**

Consolidated	Share capital £	Merger reserve £	Retained earnings £	Total £
Equity shareholders' funds as at 1 May 2016	2,000,000	(3,499,899)	6,664,257	5,164,358
Profit and total comprehensive income for the year	-	-	3,170,571	3,170,571
Equity shareholders' funds as at 30 April 2017	2,000,000	(3,499,899)	9,834,828	8,334,929
Profit and total comprehensive income for the year	-	-	4,148,229	4,148,229
Equity shareholders' funds as at 30 April 2018	2,000,000	(3,499,899)	13,983,057	12,483,158

Company

	Share capital £	Retained earnings £	Total £
Equity shareholders' funds as at 1 May 2016	2,000,000	536,000	2,536,000
Profit and total comprehensive income for the year	-	1,964,895	1,964,895
Equity shareholders' funds as at 30 April 2017	2,000,000	2,500,895	4,500,895
Profit and total comprehensive income for the year	-	1,049,845	1,049,845
Equity shareholders' funds as at 30 April 2018	2,000,000	3,550,740	5,550,740

The notes on pages 14 to 25 form part of these financial statements.

Manco South Limited**Consolidated Statement of Cash Flows****Year ended 30 April 2018**

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	4,148,229	3,170,571
Adjustments for:		
Amortisation of intangible fixed assets	690,059	690,060
Depreciation of tangible fixed assets	3,302,785	3,178,224
Profit on disposal of tangible assets	(233,508)	(84,273)
Interest paid	33,024	38,032
Interest received	(23,494)	(32,057)
Interest element of hire purchase agreements	161,115	201,710
Taxation charge	750,197	58,934
(Increase)/decrease in debtors	2,064,580	(5,700,885)
Increase/(decrease) in creditors	(5,191,837)	1,790,502
Corporation tax paid	(170,225)	(743,895)
Net cash generated from operating activities	5,530,925	2,566,923
Cash flows from investing activities		
Purchase of tangible fixed assets	(2,824,224)	(5,691,709)
Sale of tangible fixed assets	1,180,694	1,685,246
Interest received	23,494	32,057
Net cash from investing activities	(1,620,036)	(3,974,406)
Cash flows from financing activities		
Movement in bank loans	958,337	(166,668)
Capital repayment element of hire purchase agreements	(1,146,244)	567,017
Interest paid	(33,024)	(38,032)
Interest element of hire purchase agreements	(161,115)	(201,710)
Net cash used in financing activities	(382,046)	160,607
Net increase in cash and cash equivalents	3,528,843	(1,246,876)
Cash and cash equivalents at beginning of year	5,647,626	6,894,502
Cash and cash equivalents at the end of year	9,176,469	5,647,626
Cash and cash equivalents at the end of the year comprise:		
Cash at bank and in hand	9,176,469	5,647,626
	9,176,469	5,647,626

The notes on pages 14 to 25 form part of these financial statements.

1. Accounting policies

General information

The financial statements are prepared in sterling, which is the functional currency of the company. The company is a United Kingdom company limited by shares. It is both incorporated and domiciled in England and Wales. The address of the registered office is Redeham Hall, 137 Redehall Road, Burstow, Surrey, RH6 9RJ.

Basis of accounting

The consolidated financial statements have been prepared in accordance with Financial Reporting Standard 102 as issued by the Financial Reporting Council. The financial statements have been prepared on the historical cost basis. The principal accounting policies that have been applied consistently by all Group companies to all periods presented in these consolidated financial statements are set out below.

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

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. As a consolidated statement of comprehensive income is published, a separate statement of comprehensive income for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Revenue recognition

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover 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 turnover is recognised:

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue is recognised by reference to value of completed work at the reported date. Costs are recognised as expenses in the period in which they are incurred.

The value of the completed work is an estimate agreed with the client on or just before the reported date.

Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably, and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The turnover shown in the Statement of Comprehensive Income represents work undertaken and certified during the year in relation to groundwork, reinforced concrete frames and remediation services.

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses.

Manco South Limited

Notes to the financial statements

Year ended 30 April 2018

1. 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 economic life of that asset as follows:

Goodwill - Straight line over 5 years

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.

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. Depreciation is provided on the following basis:

Fixtures & Fittings	-	Straight line over 4 years
Motor Vehicles	-	Straight line over 4 years
Equipment	-	Straight line over 4 years
Plant & Machinery	-	Straight line over 4-12 years

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 in the Statement of Comprehensive Income.

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.

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 three months. 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.

Financial instruments

The Company 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 and loans to related parties.

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 Income Statement.

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 of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

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. Accounting policies (*continued*)

Finance costs

Finance costs are charged to profit or loss 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.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Provisions for liabilities

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

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

Leasing and hire purchase commitments

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

Assets held under finance leases are recognised as assets of the Group at the lower of the assets fair value at the date of acquisition and the present value of the minimum lease payments. The related liability to the lessor is included in the statement of financial position as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitment and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Interest income

Interest income is recognised in the Income Statement on a received basis.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the statement of comprehensive income.

Manco South Limited

Notes to the financial statements Year ended 30 April 2018

1. Accounting policies (*continued*)

Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a 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 reporting date in the countries where the Company operates and generates income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

Judgments in applying accounting policies and key sources of estimation uncertainty

When preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets and liabilities. Use of available information and application of judgment are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

WIP Valuation

The valuation of the WIP as described in the long-term contracts accounting policy could result in a material adjustment to the carrying amount disclosed in debtors. At the year end the balance of WIP included as amounts recoverable on contracts was £13,723,572 (2017: £14,288,872).

Financial risk management

The board of directors has overall responsibility for the establishment and oversight of the group's risk management framework. The board is responsible for developing and monitoring the group's risk management strategy and policies. There have been no changes to the group's exposures to risk or the methods used to measure and manage these risks during the year.

Credit risk management

Trade accounts receivable are from a broad customer base. The group monitors the financial position of their customers on an ongoing basis. The granting of credit is controlled by application and account limits. An allowance is made for specific bad debts and at the reporting date management did not consider there to be any material credit risk exposure.

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the group, and are derived from activities wholly within the United Kingdom. An analysis of turnover is given below:

	2018 £	2017 £
Provision of groundwork and building services	<u>84,175,862</u>	<u>101,463,218</u>

Manco South Limited

Notes to the financial statements

Year ended 30 April 2018

3. Operating profit

Operating profit is stated after charging/(crediting):

	2018 £	2017 £
Amortisation of intangible assets	690,059	690,060
Depreciation of owned fixed assets	1,124,034	1,336,321
Depreciation of assets held under hire purchase agreements	2,178,750	1,841,903
Foreign exchange gain	7,154	340
(Profit)/loss on disposal of fixed assets	(233,508)	(84,273)
Research and development	1,266,371	1,000,000
Auditor's remuneration		
- as auditor	57,100	52,000
- for other services	6,700	9,910
Operating lease costs:		
- Land and Buildings	215,114	352,500
Pension contribution	36,625	15,119

4. Particulars of employees

The average number of staff, including executive directors, employed by the group during the financial year can be analysed as follows:

	2018 No	2017 No
Number of distribution and administrative staff	122	123
Number of management staff	3	3
	<u>125</u>	<u>126</u>

The aggregate payroll costs of the above were:

	2018 £	2017 £
Wages and salaries	25,272,658	30,235,621
Social security costs	430,891	410,286
Other pension costs	36,625	15,119
	<u>25,740,174</u>	<u>30,661,026</u>

There was £20,744,397 (2017: £26,880,863) of CIS labour costs included in wages and salaries above

5. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were:

	2018 £	2017 £
Remuneration receivable	<u>212,753</u>	<u>190,500</u>

The highest paid director received remuneration of £121,455 (2017: £70,000).

The value of the group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2017: £Nil).

Manco South Limited

Notes to the financial statements

Year ended 30 April 2018

6. Interest payable and similar charges

	2018 £	2017 £
Interest payable on bank borrowing	29,858	12,886
Finance leases and hire purchase contracts	161,115	201,710
Other loan interest payable	3,166	25,146
	<u>194,139</u>	<u>239,742</u>

7. Taxation on ordinary activities

(a) Analysis of charge in the year

	2018 £	2017 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 19.00% (2017 – 19.92%)	889,794	650,367
Over provision in prior year	(39,233)	(609,724)
Total current tax	<u>850,561</u>	<u>40,643</u>
Deferred tax:		
Origination and reversal of timing differences	(100,364)	18,291
Tax on profit on ordinary activities	<u>750,197</u>	<u>58,934</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is at a lower rate than the standard rate of corporation tax in the UK of 19.00% (2017 – 19.92%).

	2018 £	2017 £
Profit on ordinary activities before taxation	<u>4,898,426</u>	<u>3,229,504</u>
Profit on ordinary activities multiplied by rate of tax	930,703	643,230
Expenses not deductible for tax purposes	159,855	152,287
Excess depreciation over capital allowances	-	896
Adjustments to tax charge in respect of previous periods	(39,233)	(501,772)
Adjust opening deferred tax to average rate of 19.00%	36,502	(12,821)
Adjust closing deferred tax to average rate of 19.00%	(24,836)	36,046
Additional deduction for R&D expenditure	(312,794)	(258,932)
Total current tax (note 7(a))	<u>750,197</u>	<u>58,934</u>

8. Profit attributable to members of the parent company

The profit dealt with in the financial statements of the parent company was £1,049,845 (2017 - £1,964,895).

Manco South Limited

Notes to the financial statements

Year ended 30 April 2018

9. Intangible fixed assets

Group	Goodwill £
Cost	
At 30 April 2018 and 1 May 2017	<u>3,778,149</u>
Amortisation	
At 1 May 2017	2,412,169
Charge for the year	690,060
At 30 April 2018	<u>3,102,229</u>
Net book value	
At 30 April 2018	<u>675,920</u>
At 30 April 2017	<u>1,365,980</u>

10. Tangible fixed assets

Group	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
Cost					
At 1 May 2017	15,397,592	70,799	482,661	541,112	16,492,164
Additions	2,303,726	1,489	240,279	278,730	2,824,224
Disposals	(2,237,416)		(58,205)	(92,751)	(2,388,372)
At 30 April 2018	<u>15,463,902</u>	<u>72,288</u>	<u>664,735</u>	<u>727,091</u>	<u>16,928,016</u>
Depreciation					
At 1 May 2017	6,411,092	66,035	242,548	304,486	7,024,161
Charge for the year	3,048,247	2,404	129,355	122,779	3,302,785
On disposals	(1,399,548)		(41,490)	(148)	(1,441,186)
At 30 April 2018	<u>8,059,791</u>	<u>68,439</u>	<u>330,413</u>	<u>427,117</u>	<u>8,885,760</u>
Net book value					
At 30 April 2018	<u>7,404,111</u>	<u>3,849</u>	<u>334,322</u>	<u>299,974</u>	<u>8,042,256</u>
At 30 April 2017	<u>8,986,500</u>	<u>4,764</u>	<u>240,113</u>	<u>236,626</u>	<u>9,468,003</u>

Hire purchase agreements

Included within the net book value of £8,042,256 is £5,775,188 (2017 - £5,429,865) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £2,178,750 (2017 - £1,841,903).

Manco South Limited

Notes to the financial statements

Year ended 30 April 2018

11. Investments

Company	Group companies £
Net book value At 30 April 2018 and 30 April 2018	<u>4,499,999</u>

	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
Subsidiary undertakings				
All held by the company:				
Coinford Holdings Limited	England	Ordinary shares	100%	Intermediary Holding Company
Formco Construction Limited	England	Ordinary shares	100%	Hire out Plant and machinery

Through its investment in Coinford Holdings Limited the company also holds indirectly investments at the reporting date in the following companies:

Coinford Limited

Nature of business - Groundwork contractor

Share class - Ordinary

% Holding - 100

Coinford Central Limited

Nature of business - Construction Contractors

Share class - Ordinary

% Holding - 100

Coinford Construction Limited

Nature of business - Construction Contractors

Share class - Ordinary

% Holding - 100

Coinford Plant Limited

Nature of business - Plant Hire

Share class - Ordinary

% Holding - 100

The registered address of all subsidiaries is the same as that of Manco South Limited.

Manco South Limited

Notes to the financial statements

Year ended 30 April 2018

12. Debtors

	2018 £	Group 2017 £	2018 £	Company 2017 £
Trade debtors	3,509,833	3,773,905	-	-
Amounts owed by related companies	148,115	473,198	-	-
VAT recoverable	2,214,785	2,649,890	-	-
Amounts recoverable on long term contracts	13,723,572	14,288,872	-	-
Other debtors	114,534	-	-	-
Deferred taxation (Note 13)	310,380	210,015	-	-
Prepayments and accrued income	232,082	821,635	-	1
	<u>20,253,301</u>	<u>22,217,515</u>	<u>-</u>	<u>1</u>

Trade debtors, amounts owed by related undertakings, amounts recoverable on long term contracts and prepayments included above are carried at amortised cost.

13. Deferred taxation

The movement in the deferred taxation asset during the year was:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Asset brought forward	210,015	228,306	-	-
(Decrease)/increase in asset	100,478	(18,291)	-	-
Asset carried forward	<u>310,493</u>	<u>210,015</u>	<u>-</u>	<u>-</u>

The group's asset for deferred taxation consists of the tax effect of timing differences in respect of:

Group	2018 Provided £	Unprovided £	2017 Provided £	Unprovided £
Excess of depreciation over taxation allowances	<u>310,493</u>	<u>-</u>	<u>210,015</u>	<u>-</u>

Manco South Limited

Notes to the financial statements

Year ended 30 April 2018

14. Creditors: amounts falling due within one year

	2018 £	Group 2017 £	2018 £	Company 2017 £
Bank loans	333,333	41,663	-	-
Trade creditors	11,087,947	13,565,836	-	-
Hire purchase agreements	2,299,108	2,688,530	-	-
Amounts owed to related undertakings	247,921	-	-	-
Corporation tax	791,143	110,806	-	-
Other taxation and social security	176,632	175,237	-	-
Payments on account	3,132,818	5,192,823	-	-
Other creditors	865,203	1,156,933	-	-
Accruals and deferred income	2,554,505	2,501,034	-	-
	<u>21,488,610</u>	<u>25,432,862</u>	<u>-</u>	<u>-</u>

Bank Loans, trade creditors, amounts owed to related undertakings, other creditors, payments on account and accruals included above are carried at amortised cost.

15. Creditors: amounts falling due after more than one year

	2018 £	Group 2017 £	2018 £	Company 2017 £
Bank loans	666,667	-	-	-
Hire purchase agreements	1,984,511	2,741,333	-	-
Provisions	1,525,000	2,190,000	-	-
	<u>4,176,178</u>	<u>4,931,333</u>	<u>-</u>	<u>-</u>

Bank loans are carried at amortised cost.

The bank loan is secured on the assets of Coinford Construction Limited, a subsidiary of Manco South Limited, and is repayable in quarterly instalments of £83,333 until 26 March 2021. The interest payable on the borrowing is LIBOR plus and interest margin of 2.1% per annum.

16. Commitments under hire purchase agreements

Future commitments under hire purchase agreements fall due as follows:

	2018 £	Group 2017 £	2018 £	Company 2017 £
Within 1 year	1,991,873	2,688,530	-	-
Between 1-5 years	2,291,748	2,741,333	-	-
	<u>4,283,619</u>	<u>5,429,863</u>	<u>-</u>	<u>-</u>

The hire purchase agreements are secured on the assets to which they relate.

Manco South Limited

Notes to the financial statements

Year ended 30 April 2018

17. Commitments under operating leases

At 30 April 2018 the group had total commitments under non-cancellable operating leases as set out below.

Group	2018		2017	
	Land and buildings £	Other items £	Land and buildings £	Other items £
Operating leases which expire:				
Within 1 year	-	-	215,000	-
Within 2 to 5 years	-	-	-	100,000
	<u>-</u>	<u>-</u>	<u>215,000</u>	<u>100,000</u>

18. Related party transactions

	Amounts owed to £	Amounts owed from £	Purchases £	Sales £
2018				
Hickey Retirement Benefit Scheme	-	-	215,113	-
Boss Service Plant Hire Limited	-	-	330,000	-
	<u>-</u>	<u>-</u>	<u>545,113</u>	<u>-</u>
2017				
Boss Service Plant Hire Limited	-	-	306,068	-
Hickey Retirement Benefit Scheme	473,198	-	176,744	334,582
	<u>473,198</u>	<u>-</u>	<u>482,812</u>	<u>334,582</u>

Boss service Plant Hire Limited is a related party as the shareholders of the company are M A Hickey and J G Hickey, who are the directors of Manco South Limited.

The Hickey Retirement Benefit Scheme is a pension scheme in which the directors are beneficiaries.

As at 30 April 2018 the group owed Mr M A Hickey, a director of the company, £NIL (2017: £666,688) and was owed £NIL (2017: £562,079) by the children of Mr M A Hickey. These balances have been included in note 12 and 14 respectively

19. Share capital

Allotted and called up:

	2018		2017	
	No	£	No	£
Ordinary shares of £1 each	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>

Manco South Limited

Notes to the financial statements

Year ended 30 April 2018

20. Reserves

Called up share capital - This reserve records the nominal value received for shares issued.

Retained earnings - This reserve records retained earnings and accumulated losses.

Merger reserve - This reserve records the difference between the net book value of companies at date of acquisition by the group and the nominal value of the shares issued to acquire the respective company.

21. Controlling party

The controlling parties of the company are M A Hickey and J G Hickey as they each own 50% of the issued share capital of the company.