# Alpha Construction Limited

Registered number: 1675457

## Directors' report and financial statements

**For the year ended 31 December 2017**

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**ALPHA CONSTRUCTION LIMITED**

## COMPANY INFORMATION

| | |
|---|---|
| **Directors** | M Clarke<br>A Bamford<br>RS Denton |
| **Registered number** | 1675457 |
| **Registered office** | Alpha House<br>Uttoxeter Road<br>Hilton<br>Derbyshire<br>DE65 5GE |
| **Business address** | Alpha House<br>Uttoxeter Road<br>Hilton<br>Derbyshire<br>DE65 5GE |
| **Independent auditor** | Mazars LLP<br>Chartered Accountants & Statutory Auditor<br>Park View House<br>58 The Ropewalk<br>Nottingham<br>NG1 5DW |
| **Bankers** | Lloyds Bank Plc<br>110 St Vincent Street<br>Glasgow<br>G2 5ER |

ALPHA CONSTRUCTION LIMITED

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## STRATEGIC REPORT
## FOR THE YEAR ENDED 31 DECEMBER 2017

### Introduction

2017 produced a good performance with turnover and profit levels remaining stable.
The performance reflected a continued very competitive market for orders. Enquiry levels remained at a similar level on 2016, remaining very high when compared to historical levels in the company's recent history.
All of this was again achieved with a good health and safety performance, with only one reportable accidents from a specialist subcontractor) occurring in the year and only one other lost time incidents.
The Company has suffered in the year with the failure of Carillion plc as a client on two projects. At the time of the issue we had little immediate cost exposure as we had no site work in progress, but profits have suffered as a result of habitual under-certification of our accounts in the months leading up to their demise.
The Company has again managed to maintain a good volume of workload carried forward into the new year, with further orders expected in the first half of the year.

### Future Developments

The Company intends to achieve a controlled growth of turnover and profit. A good level of workload carried forward into 2018 should allow the Company to increase turnover and profitability in the year.
The Carillion retention releases due in 2018 are now not likely to be realised and will have an impact on cash flow but this is considered to be manageable with the current reserves.
As predicted we are now seeing a return to working predominantly as a subcontractor to the major HV electricity contractors and this looks set to allow the Company to increase our workload in this sector. The latest government targets on recycling and biofuel production should see an increased level of activity within these sectors. The Company is well placed to capitalise here as we can demonstrate clear experience in this type of work.
The Company has plans to review staff appointments to ensure that staffing levels and skills are sufficient to ensure it can achieve the 2018 workload targets.
The Directors are confident that profitable trading will progress into 2018 and subsequent years.

### Financial key performance indicators

| **Financial** | | **2017** | *2016* | Change in year |
|---|---|---|---|---|
| Turnover | (£'000) | **12,262** | *12,084* | 1% |
| Gross profit | (£'000) | **1,261** | *1,321* | (5%) |
| Profit after tax | (£'000) | **305** | *328* | (7%) |
| Work in hand | (£'000) | **4,066** | *5,100* | (20%) |
| **Employees** | | | | |
| Number | (average in year) | **60** | *58* | 3% |
| **Health & safety** | | | | |
| Reportable accidents | | **1** | - | |

We have had one reportable accident in the year reported to RIDDOR by a subcontractor company.
We have had no other reportable accidents.

## STRATEGIC REPORT (CONTINUED)
## FOR THE YEAR ENDED 31 DECEMBER 2017

**Principle risks and uncertainties**

The Company is exposed to a moderate level of price risks, credit risk, liquidity risk and cash flow risk.

The Company manages these risks by financing its operations through retained profits, seeking to hold a minimum level of cash reserves throughout the year, seeking where possible swift settlements to any contract disputes and reviewing any relationships with subcontractors to minimise exposure to credit risk.

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

**M Clarke**
Director

Date: 15 June 2018

**DIRECTORS' REPORT**
**FOR THE YEAR ENDED 31 DECEMBER 2017**

The Directors present their report and the financial statements for the year ended 31 December 2017.

**Directors' responsibilities statement**

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Results and dividends**

The profit for the year, after taxation, amounted to £304,910 (2016 - £327,659).

There were no dividends during the year (2016 - £Nil)

**Directors**

The Directors who served during the year were:

M Clarke
A Bamford
RS Denton

**Matters covered in the strategic report**

The Company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 to set out in the Company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

This includes a summary of the principal risks and uncertainties and an indication of future events.

**DIRECTORS' REPORT (CONTINUED)**
**FOR THE YEAR ENDED 31 DECEMBER 2017**

### Qualifying third party indemnity provisions

The Company has in place indemnity insurance for Directors and officers of the Company.

### Disclosure of information to auditor

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

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the 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's auditor is aware of that information.

### Auditor

The auditor, Mazars LLP, 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.

**M Clarke**
Director

Date: 15 June 2018

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALPHA CONSTRUCTION LIMITED

### Opinion

We have audited the financial statements of Alpha Construction Limited (the 'Company') for the year ended 31 December 2017, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

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

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or 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.

**Responsibilities of directors**

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

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

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALPHA CONSTRUCTION LIMITED (CONTINUED)

### 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.

### Use of the audit report

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

Alistair Wesson (Senior Statutory Auditor)

for and on behalf of
**Mazars LLP**

Chartered Accountants
Statutory Auditor

Park View House
58 The Ropewalk
Nottingham
NG1 5DW

Date: 15 June 2018

## PROFIT AND LOSS ACCOUNT
## FOR THE YEAR ENDED 31 DECEMBER 2017

| | Note | 2017<br>£ | 2016<br>£ |
|---|---|---|---|
| Turnover | 4 | 12,262,244 | 12,083,853 |
| Cost of sales | | (11,001,281) | (10,763,323) |
| **Gross profit** | | 1,260,963 | 1,320,530 |
| Administrative expenses | | (906,381) | (932,005) |
| Other operating income | 5 | 37,404 | 35,556 |
| **Operating profit** | 6 | 391,986 | 424,081 |
| Interest receivable and similar income | 10 | - | 1,407 |
| Interest payable and expenses | 11 | (19,139) | (5,297) |
| **Profit before tax** | | 372,847 | 420,191 |
| Tax on profit | 12 | (67,937) | (92,532) |
| **Profit for the financial year** | | 304,910 | 327,659 |
| Other comprehensive income | | - | - |
| **Total comprehensive income for the year** | | 304,910 | 327,659 |

There were no recognised gains and losses for 2017 or 2016 other than those included in the profit and loss account.

The notes on pages 11 to 24 form part of these financial statements.

**BALANCE SHEET
AS AT 31 DECEMBER 2017**

| | Note | | 2017 £ | | 2016 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Tangible assets | 14 | | 413,134 | | 431,198 |
| Investment property | 15 | | 290,000 | | 290,000 |
| | | | 703,134 | | 721,198 |
| **Current assets** | | | | | |
| Debtors | 16 | 5,525,871 | | 6,123,560 | |
| Cash at bank and in hand | | 1,252,596 | | 1,383,178 | |
| | | 6,778,467 | | 7,506,738 | |
| Creditors: Amounts falling due within one year | 17 | (4,236,020) | | (5,138,057) | |
| **Net current assets** | | | 2,542,447 | | 2,368,681 |
| **Total assets less current liabilities** | | | 3,245,581 | | 3,089,879 |
| **Provisions for liabilities** | | | | | |
| Deferred tax | 18 | (10,665) | | (9,873) | |
| | | | (10,665) | | (9,873) |
| **Net assets** | | | 3,234,916 | | 3,080,006 |
| **Capital and reserves** | | | | | |
| Called up share capital | 19 | | 25,000 | | 25,000 |
| Profit and loss account | | | 3,209,916 | | 3,055,006 |
| | | | 3,234,916 | | 3,080,006 |

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

**M Clarke**
Director

Date: 15 June 2018

The notes on pages 11 to 24 form part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 31 DECEMBER 2017

| | Called up share capital | Profit and loss account | Total equity |
|---|---|---|---|
| | £ | £ | £ |
| At 1 January 2017 | 25,000 | 3,055,006 | 3,080,006 |
| ***Comprehensive income for the year*** | | | |
| Profit for the year | - | 304,910 | 304,910 |
| **Other comprehensive income for the year** | - | - | - |
| **Total comprehensive income for the year** | - | 304,910 | 304,910 |
| Dividends: Equity capital | - | (150,000) | (150,000) |
| **At 31 December 2017** | 25,000 | 3,209,916 | 3,234,916 |

The notes on pages 11 to 24 form part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 31 DECEMBER 2016

| | Called up share capital | Profit and loss account | Total equity |
|---|---|---|---|
| | £ | £ | £ |
| At 1 January 2016 | 25,000 | 2,727,347 | 2,752,347 |
| ***Comprehensive income for the year*** | | | |
| Profit for the year | - | 327,659 | 327,659 |
| **Other comprehensive income for the year** | - | - | - |
| **Total comprehensive income for the year** | - | 327,659 | 327,659 |
| **At 31 December 2016** | 25,000 | 3,055,006 | 3,080,006 |

### Description of Reserves

**Profit and Loss Account**
The Profit and Loss account represents cumulative profits and losses of the Company.

The notes on pages 11 to 24 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 31 DECEMBER 2017**

## 1. General information

Alpha Construction Limited presents its financial statements for the year ended 31 December 2017.

The presentation currency for the financial statements is Pounds Sterling (£). The Company is a private limited Company, limited by shares and is registered in England. Its registered office address is Alpha House, Uttoxeter Road, Hilton, Derbyshire, DE65 5GE.

The principal activity for the year continued to be that of civil engineering, building and allied activities.

## 2. Accounting policies

### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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 note 3).

The following principal accounting policies have been applied:

### 2.2 Reduced disclosure framework

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

In preparing the Company's individual financial statements, the Company has taken advantage of the following exemptions:

• from disclosing key management personnel compensation, as required by paragraph 7 of Section 33 'Related Party Disclosures';
• from presenting a reconciliation of the number of shares outstanding at the beginning and end of the year, as required by paragraph 12 of Section 4 'Statement of Financial Position'; and
• from presenting a statement of cash flows, as required by Section 7 'Statement of Cash Flows'.

On the basis that equivalent disclosures are given in the consolidated financial statements, the Company has also taken advantage of the exemption not to provide certain disclosures as required by Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues'.

### 2.3 Going concern

The accounts have been prepared on a going concern basis. Having carried out a detailed review of the Company's resources and the challenges presented by the current economic climate, the directors are satisfied that the Company has sufficient cash flows to meet its liabilities as they fall due for at least one year from the date of approval of the accounts.

## 2. Accounting policies (continued)

### 2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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 under construction contracts**

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 Company 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.
- judgments in applying this policy are outlined in note 3.

### 2.5 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, 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.

The Company 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 Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on both reducing balance and straight line bases.

Depreciation is provided on the following basis:

| | |
|---|---|
| Freehold property | - 2% straight line |
| Plant & machinery | - 25% reducing balance |
| Motor vehicles | - 30% reducing balance |
| Office equipment | - 30% reducing balance |

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 Profit and Loss Account.

## 2. Accounting policies (continued)

### 2.6 Investment property

Investment property is carried at fair value determined by the directors and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Profit and Loss Account.

### 2.7 Debtors

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

### 2.8 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.

### 2.9 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.

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 debtors and creditors, 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 the case of an out-right 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.

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 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 balance sheet date.

## 2. Accounting policies (continued)

### 2.9 Financial instruments (continued)

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.

### 2.10 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.

### 2.11 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.

### 2.12 Pensions

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment 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 Company in independently administered funds.

### 2.13 Interest income

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

### 2.14 Borrowing costs

All borrowing costs are recognised in the Profit and Loss Account in the year in which they are incurred.

### 2.15 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 Profit and Loss Account in the year that the Company 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.

## 2. Accounting policies (continued)

### 2.16 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 charge 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 operates and generates 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; 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 balance sheet date.

## 3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, management is required to make judgments, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

***Recognition of revenue - Long term contracts:***

Profit on long term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as the proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by our client. Full provision is made for losses on loss-making contracts in the year in which they are first foreseen.

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 31 DECEMBER 2017**

## 4. Turnover

All turnover arose through the rendering of services in relation to construction contracts within the United Kingdom.

## 5. Other operating income

| | 2017<br>£ | 2016<br>£ |
|---|---|---|
| Net rent receivable | 37,404 | 35,556 |
| | 37,404 | 35,556 |

## 6. Operating profit

The operating profit is stated after charging:

| | 2017<br>£ | 2016<br>£ |
|---|---|---|
| Depreciation of tangible fixed assets | 39,927 | 40,772 |
| Defined contribution pension cost | 74,827 | 71,015 |
| Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts | 12,000 | 11,000 |

## 7. Auditor's remuneration

| | 2017<br>£ | 2016<br>£ |
|---|---|---|
| Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts | 12,000 | 11,000 |
| | 12,000 | 11,000 |
| **Fees payable to the Company's auditor and its associates in respect of:** | | |
| Other services relating to taxation | 2,500 | 1,250 |
| All other services | 2,400 | 51,750 |
| | 4,900 | 53,000 |

## 8. Employees

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

| | 2017<br>£ | 2016<br>£ |
|---|---|---|
| Wages and salaries | 2,553,225 | 2,395,948 |
| Social security costs | 269,157 | 250,086 |
| Cost of defined contribution scheme | 74,827 | 73,855 |
| | 2,897,209 | 2,719,889 |

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

| | 2017<br>No. | 2016<br>No. |
|---|---|---|
| | 60 | 58 |

## 9. Directors' remuneration

| | 2017<br>£ | 2016<br>£ |
|---|---|---|
| Directors' emoluments | 257,193 | 348,358 |
| Company contributions to defined contribution pension schemes, including amounts paid in lieu of salary | 10,259 | 47,105 |
| | 267,452 | 395,463 |

During the year retirement benefits were accruing to 3 Directors (2016 - 3) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £97,148 (2016 - £98,083).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £3,903 (2016 - £12,041).

## 10. Interest receivable

| | 2017<br>£ | 2016<br>£ |
|---|---|---|
| Other interest receivable | - | 1,407 |
| | - | 1,407 |

## 11. Interest payable and similar charges

| | 2017 £ | 2016 £ |
|---|---|---|
| Bank interest payable | 19,139 | 5,297 |
| | 19,139 | 5,297 |

## 12. Taxation

| | 2017 £ | 2016 £ |
|---|---|---|
| **Corporation tax** | | |
| Current tax on profits for the year | 73,123 | 91,204 |
| Adjustments in respect of previous periods | (5,978) | - |
| **Total current tax** | 67,145 | 91,204 |
| **Deferred tax** | | |
| Origination and reversal of timing differences | 792 | 1,328 |
| **Total deferred tax** | 792 | 1,328 |
| **Taxation on profit on ordinary activities** | 67,937 | 92,532 |

## 12. Taxation (continued)

### Factors affecting tax charge for the year

The tax assessed for the year is the same as (2016 - higher than) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

| | 2017<br>£ | 2016<br>£ |
|---|---|---|
| Profit on ordinary activities before tax | 372,847 | 420,191 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%) | 71,773 | 84,038 |
| **Effects of** | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | 3,437 | 8,519 |
| Utilisation of tax losses | 713 | 768 |
| Adjustments to tax charge in respect of prior periods | (5,978) | - |
| Non-taxable income | (3,092) | - |
| Changes in provisions leading to an increase (decrease) in the tax charge | (105) | (793) |
| Other differences leading to an increase (decrease) in the tax charge | 1,189 | - |
| **Total tax charge for the year** | 67,937 | 92,532 |

### Factors that may affect future tax charges

The main factor to consider is the decrease in tax rate following the enactment of the Finance Bill on 26 October 2015. For large companies the corporation tax rate is 19% for accounting periods from 1 April 2017, and 17% from 1 April 2020.

## 13. Dividends

| | 2017<br>£ | 2016<br>£ |
|---|---|---|
| Dividends | 150,000 | - |
| | 150,000 | - |

## 14. Tangible fixed assets

| | Freehold property £ | Plant & equipment £ | Motor vehicles £ | Office equipment £ | Total £ |
|---|---|---|---|---|---|
| **Cost or valuation** | | | | | |
| At 1 January 2017 | 368,400 | 42,457 | 191,791 | 102,771 | 705,419 |
| Additions | - | - | 12,600 | 17,535 | 30,135 |
| Disposals | - | (13,070) | (37,887) | (64,210) | (115,167) |
| At 31 December 2017 | 368,400 | 29,387 | 166,504 | 56,096 | 620,387 |
| **Depreciation** | | | | | |
| At 1 January 2017 | 44,415 | 28,969 | 117,403 | 83,434 | 274,221 |
| Charge for the year on owned assets | 3,840 | 3,576 | 24,021 | 8,490 | 39,927 |
| Disposals | - | (12,174) | (33,600) | (61,121) | (106,895) |
| At 31 December 2017 | 48,255 | 20,371 | 107,824 | 30,803 | 207,253 |
| **Net book value** | | | | | |
| At 31 December 2017 | 320,145 | 9,016 | 58,680 | 25,293 | 413,134 |
| At 31 December 2016 | 323,985 | 13,488 | 74,388 | 19,337 | 431,198 |

## 15. Investment property

| | Freehold investment property £ |
|---|---|
| **Valuation** | |
| At 1 January 2017 | 290,000 |
| **At 31 December 2017** | 290,000 |

The 2017 valuations were made by the Directors, on an open market value for existing use basis.

**At 31 December 2017**

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

| | 2017 £ | 2016 £ |
|---|---|---|
| Historic cost | 409,724 | 409,724 |
| Accumulated depreciation and impairments | (65,554) | (57,360) |
| | 344,170 | 352,364 |

## 16. Debtors

| | 2017 £ | 2016 £ |
|---|---|---|
| Trade debtors | 1,887,803 | 1,896,518 |
| Amounts owed by group undertakings | 3,312,649 | 3,312,732 |
| Prepayments and accrued income | 34,671 | 40,210 |
| Amounts recoverable on long term contracts | 290,748 | 874,100 |
| | 5,525,871 | 6,123,560 |

Included within amounts owed by group undertakings is a loan of £1,045,737 (2016 - £1,045,737) due from Alpha Construction (Group) Limited and a loan of £2,266,995 (2016 - £2,266,995) due from Alpha Construction (Topco) Limited. Both loans are interest free and repayable on demand.

Included in trade debtors are retentions which are due for payment after more than one year amounting to £583,449 (2016 - £287,918).

## 17. Creditors: Amounts falling due within one year

| | 2017 £ | 2016 £ |
|---|---|---|
| Bank loans | 450,000 | 1,002,896 |
| Payments received on account | 409,146 | 344,372 |
| Trade creditors | 2,654,954 | 3,142,244 |
| Amounts owed to group undertakings | 160,328 | 10,328 |
| Corporation tax | 66,437 | 91,204 |
| Other taxation and social security | 205,368 | 286,039 |
| Accruals and deferred income | 289,787 | 260,974 |
| | 4,236,020 | 5,138,057 |

Included in amounts owed to group undertakings is a loan of £10,328 (2016 - £10,328) due to Alpha Construction (Holdings) Limited which is repayable on demand.

**Secured loans**
Security has been provided for the bank loan in the form of a fixed and floating charge over the assets of the Company.

## 18. Deferred taxation

| | 2017 |
|---|---|
| | £ |
| At beginning of year | (9,873) |
| Charged to profit or loss | (792) |
| **At end of year** | (10,665) |

The provision for deferred taxation is made up as follows:

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Accelerated capital allowances | (10,665) | (9,873) |
| | (10,665) | (9,873) |

## 19. Share capital

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| **Allotted, called up and fully paid** | | |
| 25,000 Ordinary shares of £1 each | 25,000 | 25,000 |

Ordinary shares are prescribed with full voting and dividend rights.

## 20. Pension costs

The Company operates defined contribution pension schemes. The assets of the scheme are held separate from those of the Company in independently administered funds. The pension cost charge of £74,827 (2016 - £73,855) represents contributions payable by the Company funds.

## 21. Commitments under operating leases

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

| | 2017<br>£ | 2016<br>£ |
|---|---|---|
| Not later than 1 year | 57,135 | 51,642 |
| Later than 1 year and not later than 5 years | 69,769 | 47,456 |
| | 126,904 | 99,098 |

## 22. Related party transactions

The Company is a wholly owned subsidiary of Alpha Construction (Holdings) Limited and is included in the consolidated financial statements of Alpha Construction (Topco) Limited which are publicly available. Consequently the Company has taken advantage of the exemption under FRS102 from disclosing related party transactions with entities that are 100% owned by Alpha Construction (Topco) Limited.

The key management personnel of the Company are the directors.

Compensation to close members of family: During the year remuneration for employment services was paid totalling £10,533 (2016 - £11,064).

## 23. Ultimate parent undertaking and controlling party

The Company's immediate parent Company is Alpha Construction (Holdings) Limited.

The Company's ultimate parent Company is Alpha Construction (Topco) Limited.

The consolidated financial statements in which Alpha Construction Limited are published are those prepared by Alpha Construction (Topco) Limited which are available from Companies House.

The Directors do not consider there to be an ultimate controlling party.