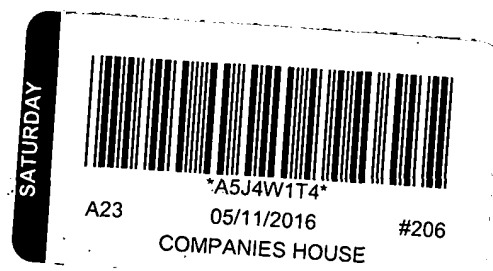


Registrar

COMPANY REGISTRATION NUMBER: 00846751

A. & E. Elkins Limited
Financial Statements
30 April 2016



TURPIN BARKER ARMSTRONG
Chartered Certified Accountants & statutory auditor
Allen House
1 Westmead Road
Sutton
Surrey
SM1 4LA

A.& E.Elkins Limited
Financial Statements
Year ended 30 April 2016

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A.& E.Elkins Limited

Officers and Professional Advisers

The board of directors

G Smith
R A Elkins

Company secretary

Glenis Smith

Registered office

A & E House
Unit 1a Industrial Estate
Juno Way
London
SE14 5RW

Auditor

Turpin Barker Armstrong
Chartered Certified Accountants & statutory auditor
Allen House
1 Westmead Road
Sutton
Surrey
SM1 4LA

A. & E. Elkins Limited

Strategic Report

Year ended 30 April 2016

Introduction

A premier Principal Contractor operating in London and the South East, A&E Elkins Ltd was formed in 1963, incorporated in 1965 and has been a family run company ever since. Now in its third generation, we still offer excellence in workmanship, service and value to our extensive portfolio of public and private sector clients. Running our main office in the Southwark area, and another proposed in the Barbican during the course of this year to increase our geographical coverage. We continue to run specialist teams dealing with:

- All Decent homes/ Warm Dry Safe Works;
- Interior refurbishment and decorations (kitchens, bathrooms, communal areas, etc.);
- Exterior refurbishment and decoration (windows, doors, concrete repairs);
- Electrical works (communal areas, lateral mains, landlords supplies);
- Fire precautions works (doors, sealing, compartmentation);
- Roofing works (tiles, slates, specialist built membranes); and
- Planned and reactive maintenance.

A&E Elkins is committed to legal compliance and quality standards. As such, we operate the following dedicated management policies, procedures and systems:

- Health and Safety (BS OHSAS 18001 (UKAS accredited));
- Environmental Management (ISO 14001 (UKAS accredited));
- Quality Assurance (ISO 9001 (UKAS accredited)); and
- Equal Opportunities and Diversity.

Accreditations

A&E Elkins maintains the following accreditations:

- BS OHSAS 18001;
- ISO 14001;
- ISO 9001;
- CHAS;
- Constructionline;
- Safecontractor;
- EXOR;
- FORS;
- A Member of the NFRC (National Federation of Roofing Contractors);
- Membership of MAC (Mastic Asphalt Council); and
- A Trust Mark Approved Contractor.

Strategic Objectives and Targets

The company aligns its targets, objectives and programmes with the contractual requirements and key performance indicators (KPIs) set by its clients to safeguard existing contracts, and with commonly occurring requirements in business development and procurement opportunities obtained from pre-qualification questionnaire literature. In addition to these external KPIs, we also set our own internal objectives, targets and programmes to foster continual improvement within work practices.

Our performance over the period has been consistently excellent and we continually strive to improve in all areas as best practice. For this reason, we operate an extensive knowledge management system

A. & E. Elkins Limited

Strategic Report

Year ended 30 April 2016

which ensures that opportunities to learn for our own experience and the feedback of customers and other stakeholders are maximized. Furthermore, we take every opportunity to benchmark our performance against external standards and industry norms, including comparison with the other partnering contractors.

External/Client-Specific KPI Monitoring: Our performance of the partnering contract with one of our clients, a Local Authority ("the Authority"), is demonstrated below, together with the client's evaluation and any applicable benchmarking:

1. **Resident satisfaction** – we objectively determine the quality of communication, courtesy, consideration and success in meeting the expectations of tenants and leaseholders alike. The Authority reviews resident satisfaction forms ahead of quarterly meetings and evaluates against targets and minimum thresholds of 90% and 68% respectively. Our median average is 90%, with our most recent peaking at 94%. We have never fallen below the minimum threshold. This external performance monitoring and benchmarking links with our more inclusive, internal customer satisfaction process to meet our own ISO 9001 commitments;
2. **Authority satisfaction** – we are committed to ensuring the best levels of service and workmanship for the Authority. The Authority reviews completed satisfaction forms issued at the end of each project ahead of quarterly meetings and evaluates against targets and minimum thresholds of 90% and 69% respectively. Our median average is 80%, with our most recent peaking at 90%. Being flexible, learning quickly from constructive feedback provided by the Authority and benchmarking against larger competitors are keys to our continued success. This external performance monitoring and benchmarking covers internal project management monitoring, auditing and review processes, as well as additional external auditing by such organisations as the National Federation of Roofers, the Mastic Asphalt Council, Institution of Fire Engineers, etc.
3. **Time predictability (internals and externals)** – we are committed to delivering programme works quickly, reliably and to high quality. The Authority measures performance against 10/15 days for internal works and as per programme, with overruns deducting points. Authority targets include 100% on time, with minimum thresholds of 5 day maximum overruns for internals and 3 weeks maximum overruns for externals. Our median average continues to be 95%, with some delays and overruns for legitimate reasons. We continue to be quick to identify, assess and tackle issues to best serve the Authority and continually improve and appropriate actions taken. Consequently, our time predictability for both internal and external works continues to be exemplary.
4. **Local Employment and Training** – we are committed to giving back to the local areas in which we operate, particularly our home borough of Southwark. Given the condition of the economy since 2008, a key plank of our Corporate Social Responsibility strategy is given high quality youth the increasingly rare opportunity to learn a trade or profession. The Authority reviews a quarterly submission regarding personnel employed under the partnering contract either directly or through our supply chain against its criteria for apprenticeship against a target of 1 apprentice/ graduate per £1m of work awarded. Whilst the number of apprentices we employ varies throughout the 5 years of the partnering contract, we have consistently exceeded the Authority's requirements in this regard. In addition, we exceed the basic terms of the KPI by: participating in apprenticeship fayres; offering opportunities to older, unemployed persons re-entering work or re-skilling into a new trade/profession. We are committed to paying London Living Wage to all staff and ensuring that our subcontractors do the same.
5. **Value for Money** – we continue to be committed to delivering quality works as efficiently and cost-effectively as possible.
6. **Cleaner, Greener, Safer** – ever increasing standards of health, safety and environmental protection and awareness are a core value to our business. The Authority requires FORS accreditation to bronze level to meet this KPI, which is reviewed annually. We were the first partnering contractor to successfully determine and implement the management changes

A. & E. Elkins Limited

Strategic Report

Year ended 30 April 2016

necessary to meet this standard, and are currently looking at improving our accreditation from bronze to silver. Such external standards also combine with our ISO 14001 and BS OHSAS 18001 accredited health, safety and environmental management systems which are audited by a UKAS accredited organisation annually, and all elements of which audited regularly by our internal Compliance department.

7. **Considerate Constructors Scheme (CCS)** – a non-profit making, independent organisations founded in 1997 by the construction industry to improve its image. As a registered member, we ensure that all proposed major projects are registered with the scheme. The Authority measures performance against a target score of 35 and above, with a minimum score of 30 and some peaks at 43. Our median average is 35, with some peaks and troughs. We have never fallen below the minimum score. We continue initiatives driving up scores from previous standards; having improved our median score by 2 in the past 12 months.
8. **Contract management** – we manage our contracts to minimise default notices. The Authority measures performance against a target of 0 default notices, with a maximum number of 5 in any given year. Our median average is 1 per year, with each being fully investigated, remedial actions determined, followed up and reviewed thoroughly.

Internal KPI Performance Monitoring: Illustrative examples include:

- **Health, Safety and Environment** – zero RIDDORs; reduction of warnings given on site; speed of incident investigation, follow up and close out, competence standards, comparative site audit scores, no toolbox talks given, % reduction in land fill waste and energy consumption;
- **Quality** – number of snags, speed of snagging, workmanship, courtesy, professional manner, internal audit scores;
- **Delivery** – right first time, delivery just in time, no programme delays, accuracy of programmes;
- **Financials** – speed of valuations, managing surveys and orders, accuracy of financial forecasting, speed of tenders;
- **Customer satisfaction** – customer satisfaction forms returned, customer satisfaction scores, number of complaints, speed of complaints resolution, value of compensation paid, number of commendations, staff courtesy;
- **Recruitment and Retention** – reputation as an employer, zero/minimal staff turnover; combined staff competence;
- **Equalities and Diversity** – promoting increased diversity in the 9 protected characteristics, effective monitoring;
- **Training and Development** – courses attended, continued competence standards;
- **Apprenticeships and Mentoring** – number of apprentices, final pass rates, mentor appraisal feedback,
- **Collaborative Working** – number of community initiatives, investment and outreach projects, charitable funds raised;
- **Team Cohesion and Morale** – number of team building exercises, number and quality of staff suggestions;
- **Procurement and Supply Chain** – number of non-attendances, number of delays, value for money, resilience of supply chain;
- **Business Development and Marketing** – opportunities vetted, stage one and two submission, success rate, tenders submitted, price competitiveness, market knowledge of brand, reputation as a Principal Contractor, industry awards (such as Gold standard in the National Federation of Roofing Contractors);
- **Accreditations and standards** – maintaining ISO 9001, ISO 14001, BS OHSAS 18001, Exor, FORS, NICEIC, PAS 2030 and IFC.

A. & E. Elkins Limited

Strategic Report

Year ended 30 April 2016

Other risks faced by the business

Many of the risks faced by the business are already included elsewhere in this report, alongside the actions taken by management to mitigate them (e.g. breach of Health & Safety guidelines mitigated by the company's achievement of BS OHSAS 18001 etc.). Other risks faced by the business include:

Financial risk:

The company holds or issues financial instruments in order to achieve three main objectives, being:

- (a) to finance its operations;
- (b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance; and
- (c) for trading purposes.

In addition, various financial instruments (e.g. trade debtors, trade creditors, accruals and prepayments) arise directly from the company's operations.

Transactions in financial instruments result in the company assuming or transferring to another party one or more of the financial risks described below.

Credit risk

The company monitors credit risk closely and considers that its current policies of credit checks meets its objectives of managing exposure to credit risk.

The company has no significant concentrations of credit risk. Amounts shown in the balance sheet best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments.

Liquidity risk

The company monitors and manages its cash holdings carefully to ensure that it maintains sufficient funds for its ongoing working capital requirements.

Business Development and Procurement

Business development and procurement is performed by a combined team, with functions distributed according to the nature of the opportunity. For larger opportunities engaging the public procurement regulations in full force, a larger project team is assembled. Opportunity documentation is evaluated by the team once received, and appropriate responsibilities assigned. Regular project meetings are convened until the full submission is completed, polished and submitted. Results from tender/PQQ processes are followed up by the team for review in order to tailor future submissions more effectively to client requirements. Should the company be successful in winning an opportunity, the appropriate contract management meetings will be convened to determine how best to proceed.

To best comply with the requirements of the CDM Regulations 2015, ISO 9001 and industry best practice, the company maintains an Approved Supplier List; evaluated by Constructionline on our behalf in line with PAS91 to best meet procurement best practice.

Human Resources and Staffing

This function is performed by a combined team for payroll, recruitment and personnel matters. All relevant policies, procedures and handbooks are constantly reviewed. All pending changes in legislative requirements are identified through competent advisor services. The company's staffing requirements have stabilised during the year; with currently 83 employees including apprentices. Projections for the forthcoming year indicate staff requirements remaining consistent at this level.

A. & E. Elkins Limited

Strategic Report

Year ended 30 April 2016

Community and Charitable Initiatives

The company is heavily involved with giving extra value to the communities which it serves. On each project awarded by the Authority, a budget is made available for investing in regeneration above and beyond what is specified by the Authority; with emphasis placed on sustainable, enduring value for the community. Furthermore, we support numerous local charities through sponsored events and other fundraising, including: Freddie Farmer; Homes for Heroes; Scarlett's Fund and Peckham Pride Basketball Team.

This report was approved by Ray Elkins on behalf of the Board of Directors of A&E Elkins Limited on the following date:

Signature:



Date:

14.10.2016

A. & E. Elkins Limited

Directors Report

Year ended 30 April 2016

The directors present their report and the financial statements of the company for the year ended 30 April 2016.

Directors

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

G Smith
R A Elkins

Dividends

Particulars of recommended dividends are detailed in note 10 to the financial statements.

Disclosure of information in the strategic report

The strategic report on pages 2 to 6 contains:

- a) a fair review of the company's business, and
- b) a description of the principal risks and uncertainties facing the company.

Directors responsibilities statement

The directors are responsible for preparing the strategic report, 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

A.& E.Elkins Limited

Directors Report *(continued)*

Year ended 30 April 2016

Auditor

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

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

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

This report was approved by the board of directors on 14/10/2016 and signed on behalf of the board by:



Glenis Smith
Company Secretary

Registered office:
A & E House
Unit 1a Industrial Estate
Juno Way
London
SE14 5RW

A. & E. Elkins Limited

Independent Auditor's Report to the Shareholders of A. & E. Elkins Limited

Year ended 30 April 2016

We have audited the financial statements of A. & E. Elkins Limited for the year ended 30 April 2016 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

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 Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

A.& E.Elkins Limited

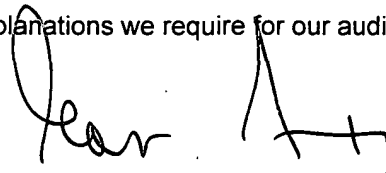
Independent Auditor's Report to the Shareholders of A.& E.Elkins Limited (continued)

Year ended 30 April 2016

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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.



Martin C Armstrong FCCA FABRP FIPA MBA
(Senior Statutory Auditor)

For and on behalf of
Turpin Barker Armstrong
Chartered Certified Accountants & statutory
auditor

3 November 2016

Allen House
1 Westmead Road
Sutton
Surrey
SM1 4LA

A. & E. Elkins Limited
Statement of Income and Retained Earnings
Year ended 30 April 2016

	Note	2016 £	2015 £
Turnover	3	41,575,104	23,885,157
Cost of sales		<u>33,672,791</u>	<u>19,872,407</u>
Gross profit		7,902,313	4,012,750
Administrative expenses		<u>1,903,227</u>	<u>1,409,984</u>
Operating profit	4	5,999,086	2,602,766
Other interest receivable and similar income		<u>3,483</u>	<u>1,704</u>
Interest payable and similar charges	8	<u>24,000</u>	<u>24,739</u>
Profit on ordinary activities before taxation		5,978,569	2,579,731
Tax on profit on ordinary activities	9	<u>1,207,689</u>	<u>544,890</u>
Profit for the financial year and total comprehensive income		<u>4,770,880</u>	<u>2,034,841</u>
Dividends paid and payable	10	(3,840,000)	(820,500)
Retained earnings at the start of the year		1,955,130	740,789
Retained earnings at the end of the year		<u>2,886,010</u>	<u>1,955,130</u>

All the activities of the company are from continuing operations.

The notes on pages 14 to 19 form part of these financial statements.

A. & E. Elkins Limited
Statement of Financial Position
30 April 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	11	183,871	176,611
Current assets			
Debtors	12	1,920,395	1,894,309
Cash at bank and in hand		<u>12,200,935</u>	<u>5,235,770</u>
		14,121,330	7,130,079
Creditors: amounts falling due within one year	13	<u>11,388,691</u>	<u>5,321,060</u>
Net current assets		2,732,639	1,809,019
Total assets less current liabilities		2,916,510	1,985,630
Creditors: amounts falling due after more than one year	14	<u>500</u>	<u>500</u>
Net assets		<u>2,916,010</u>	<u>1,985,130</u>
Capital and reserves			
Called up share capital	16	30,000	30,000
Profit and loss account	17	<u>2,886,010</u>	<u>1,955,130</u>
Shareholders funds		<u>2,916,010</u>	<u>1,985,130</u>

These financial statements were approved by the board of directors and authorised for issue on 14.10.2016, and are signed on behalf of the board by:

G Smith
Director



R A Elkins
Director



Company registration number: 00846751

A.& E.Elkins Limited

Statement of Cash Flows

Year ended 30 April 2016

	2016 £	2015 £
Cash flows from operating activities		
Profit for the financial year	4,770,880	2,034,841
<i>Adjustments for:</i>		
Depreciation of tangible assets	52,088	42,128
Other interest receivable and similar income	(3,483)	(1,704)
Interest payable and similar charges	24,000	24,739
Tax on profit on ordinary activities	1,207,689	544,890
Accrued expenses	950,228	226,091
<i>Changes in:</i>		
Trade and other debtors	(26,086)	(427,759)
Trade and other creditors	3,278,885	(602,478)
Cash generated from operations	10,254,201	1,840,748
Interest paid	(24,000)	(24,739)
Interest received	3,483	1,704
Tax paid	(544,890)	(137,276)
Net cash from operating activities	<u>9,688,794</u>	<u>1,680,437</u>
Cash flows from investing activities		
Purchase of tangible assets	(59,348)	(83,437)
Net cash used in investing activities	<u>(59,348)</u>	<u>(83,437)</u>
Cash flows from financing activities		
Proceeds from borrowings	1,175,719	305,831
Dividends paid	(3,840,000)	(820,500)
Net cash used in financing activities	<u>(2,664,281)</u>	<u>(514,669)</u>
Net increase in cash and cash equivalents	6,965,165	1,082,331
Cash and cash equivalents at beginning of year	5,235,770	4,153,439
Cash and cash equivalents at end of year	<u>12,200,935</u>	<u>5,235,770</u>

The notes on pages 14 to 19 form part of these financial statements.

A.& E.Elkins Limited

Notes to the Financial Statements

Year ended 30 April 2016

1. Statement of compliance

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

2. Accounting policies

Basis of preparation

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

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

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1 May 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 21.

Revenue recognition

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

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

Income tax

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

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

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Tangible assets

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

A. & E. Elkins Limited

Notes to the Financial Statements *(continued)*

Year ended 30 April 2016

2. Accounting policies *(continued)*

Tangible assets *(continued)*

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

Depreciation

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

Leasehold Improvements	-	Straight line over life of lease
Plant & Machinery	-	15% reducing balance
Fixtures & Fittings	-	15% reducing balance
Motor Vehicles	-	25% reducing balance
Equipment	-	25% reducing balance

Defined contribution plans

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

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

3. Turnover

Turnover arises from:

	2016 £	2015 £
Construction contracts	<u>41,575,104</u>	<u>23,885,157</u>

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

4. Operating profit

Operating profit or loss is stated after charging:

	2016 £	2015 £
Depreciation of tangible assets	52,088	42,128
Defined contribution plans expense	<u>162,968</u>	<u>2,918</u>

A. & E. Elkins Limited

Notes to the Financial Statements *(continued)*

Year ended 30 April 2016

5. Auditor's remuneration

	2016 £	2015 £
Fees payable for the audit of the financial statements	<u>38,625</u>	<u>30,000</u>

6. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2016 No	2015 No
Number of directors	2	2
Number of administrative staff	8	8
Number of direct staff	<u>79</u>	<u>43</u>
	<u>89</u>	<u>53</u>

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

	2016 £	2015 £
Wages and salaries	3,066,873	2,153,610
Social security costs	48,548	34,843
Other pension costs	<u>162,968</u>	<u>2,918</u>
	<u>3,278,389</u>	<u>2,191,371</u>

7. Directors remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2016 £	2015 £
Remuneration	<u>399,622</u>	<u>160,536</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2016 No	2015 No
Defined contribution plans	<u>2</u>	<u>2</u>

Remuneration of the highest paid director in respect of qualifying services:

	2016 £	2015 £
Aggregate remuneration	<u>264,949</u>	<u>105,122</u>

8. Interest payable and similar charges

	2016 £	2015 £
Interest on banks loans and overdrafts	–	739
Dividends paid on shares classed as debt	<u>24,000</u>	<u>24,000</u>
	<u>24,000</u>	<u>24,739</u>

A. & E. Elkins Limited

Notes to the Financial Statements *(continued)*

Year ended 30 April 2016

9. Tax on profit on ordinary activities

Major components of tax expense

	2016 £	2015 £
Current tax:		
UK current tax expense	1,207,689	544,890
Tax on profit on ordinary activities	1,207,689	544,890

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2015: higher than) the standard rate of corporation tax in the UK of 20% (2015: 20.92%).

	2016 £	2015 £
Profit on ordinary activities before taxation	5,978,569	2,579,731
Profit on ordinary activities by rate of tax	1,195,714	539,680
Effect of expenses not deductible for tax purposes	13,858	8,967
Effect of capital allowances and depreciation	(1,883)	(3,701)
Rounding on tax charge	–	(56)
Tax on profit on ordinary activities	1,207,689	544,890

10. Dividends

Equity dividends

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

	2016 £	2015 £
Equity dividends on ordinary shares	3,840,000	820,500

Dividends on shares classed as debt

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

	2016 £	2015 £
Dividends on shares classed as debt relating to line 1 in the shares issued page of cdb	24,000	24,000

A. & E. Elkins Limited

Notes to the Financial Statements *(continued)*

Year ended 30 April 2016

11. Tangible assets

	Leasehold Imp'ments £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Equipment £	Total £
Cost						
At 1 May 2015	53,441	88,142	34,407	134,699	67,759	378,448
Additions	—	—	1,894	33,750	23,704	59,348
At 30 Apr 2016	53,441	88,142	36,301	168,449	91,463	437,796
Depreciation						
At 1 May 2015	15,492	81,260	10,637	64,892	29,556	201,837
Charge for the year	5,840	1,032	3,850	25,889	15,477	52,088
At 30 Apr 2016	21,332	82,292	14,487	90,781	45,033	253,925
Carrying amount						
At 30 Apr 2016	32,109	5,850	21,814	77,668	46,430	183,871
At 30 Apr 2015	37,949	6,882	23,770	69,807	38,203	176,611

12. Debtors

	2016 £	2015 £
Trade debtors	987,298	948,455
Prepayments and accrued income	900,999	929,966
Other debtors	32,098	15,888
	1,920,395	1,894,309

13. Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	4,667,022	1,302,783
Accruals and deferred income	3,516,503	2,566,275
Corporation tax	1,207,689	544,890
Social security and other taxes	475,977	551,799
Director loan accounts	1,505,945	330,226
Other creditors	15,555	25,087
	11,388,691	5,321,060

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

	2016 £	2015 £
Shares classed as financial liabilities	500	500

A. & E. Elkins Limited

Notes to the Financial Statements *(continued)*

Year ended 30 April 2016

15. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £162,968 (2015: £2,918).

16. Called up share capital

Issued, called up and fully paid

	2016		2015	
	No	£	No	£
Amounts presented in equity:				
Ordinary shares of £1 each	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>
Amounts presented in liabilities:				
Preference shares of £1 each	<u>500</u>	<u>500</u>	<u>500</u>	<u>500</u>

17. Reserves

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

18. Operating leases

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

	2016	2015
	£	£
Later than 5 years	<u>35,000</u>	<u>35,000</u>

19. Directors advances, credits and guarantees

As at 30th April 2016 R A Elkins, a director, was owed £1,013,632 by the company (2015 - £204,228) and G Smith, a director, was owed £492,313 by the company (2015 - £125,998).

20. Related party transactions

The company was under the control of Mr R A Elkins throughout the current and previous year. Mr R A Elkins is the managing director and majority shareholder. During the year directors received dividends of £128 per share (2015 - £27.35).

21. Transition to FRS 102

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

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