

Registrar

COMPANY REGISTRATION NUMBER: 00846751

**A. & E. Elkins Limited**  
**Financial Statements**  
**30 April 2017**



**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 2017**

<b>Contents</b>	<b>Page</b>
Officers and professional advisers	<b>1</b>
Strategic report	<b>2</b>
Directors' report	<b>7</b>
Independent auditor's report to the members	<b>9</b>
Statement of income and retained earnings	<b>11</b>
Statement of financial position	<b>12</b>
Statement of cash flows	<b>13</b>
Notes to the financial statements	<b>14</b>
<b>The following pages do not form part of the financial statements</b>	
Detailed income statement	<b>22</b>
Notes to the detailed income statement	<b>23</b>

# **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 2017**

### **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 the small Barbican office during the course of this year has increased our geographical coverage. The Barbican office was closed and replaced with an office in Borough High Street for our voids and maintenance team to work from. 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.
- NICEIC
- Gas safe
- PAS 2030
- IFC
- FENSA

# A. & E. Elkins Limited

## Strategic Report

Year ended 30 April 2017

### 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 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 69% respectively. Our median average is 92 – 93 % . 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 85-86%. 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. ie Rixonway kitchen suppliers caused problems due to bad deliveries which has resulted in them being removed from our supply chain. 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

## A. & E. Elkins Limited

### Strategic Report

Year ended 30 April 2017

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 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 24 and some peaks at 43. Our median average is 36, 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. We have been successful in winning a silver award for one of our sites, which was presented at the National Awards ceremony to our site manager.
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;

# **A. & E. Elkins Limited**

## **Strategic Report**

**Year ended 30 April 2017**

- **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, IFC, Fensa, Gas safe

### **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

## **A. & E. Elkins Limited**

### **Strategic Report**

**Year ended 30 April 2017**

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.

News letters are emailed to our staff giving them the update on existing and new contracts along with job updates and vacancies.

Mailshots and news letters are also sent to new and existing clients.

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 changed during the year; with 101 employees at the beginning of the year and 80 now due to natural wastage and reduced workload. Projections for the forthcoming year indicate staff requirements remaining consistent at this level now with the need for some additional staff as the new contracts commence.

#### **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, Peckham Pride Basketball Team, Docklands FC, Ongar Juniors, The M.S. Society, The British Heart Foundation.

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: 07/12/2017



# **A. & E. Elkins Limited**

## **Directors' Report**

**Year ended 30 April 2017**

The directors present their report and the financial statements of the company for the year ended 30 April 2017.

### **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 12 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 2017**

**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.

This report was approved by the board of directors on 7 December 2017 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 Members of A.& E.Elkins Limited**

#### **Year ended 30 April 2017**

We have audited the financial statements of A.& E.Elkins Limited for the year ended 30 April 2017 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 the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's 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.

#### **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 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.

#### **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**

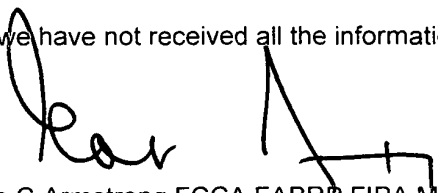
### **Independent Auditor's Report to the Members of A. & E. Elkins Limited** *(continued)*

**Year ended 30 April 2017**

#### **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  
Allen House  
1 Westmead Road  
Sutton  
Surrey  
SM1 4LA

16 February 2017 -

**A. & E. Elkins Limited**  
**Statement of Income and Retained Earnings**  
**Year ended 30 April 2017**

	Note	2017 £	2016 £
<b>Turnover</b>	<b>4</b>	<b>32,017,760</b>	41,575,104
Cost of sales		<u>27,042,393</u>	<u>33,672,791</u>
<b>Gross profit</b>		<b>4,975,367</b>	7,902,313
Administrative expenses		<u>1,797,553</u>	<u>1,903,227</u>
<b>Operating profit</b>	<b>5</b>	<b>3,177,814</b>	5,999,086
Other interest receivable and similar income	<b>9</b>	<b>3,746</b>	3,483
Interest payable and similar expenses	<b>10</b>	<u>9,297</u>	<u>24,000</u>
<b>Profit before taxation</b>		<b>3,172,263</b>	5,978,569
Tax on profit	<b>11</b>	<u>630,982</u>	<u>1,207,689</u>
<b>Profit for the financial year and total comprehensive income</b>		<b><u>2,541,281</u></b>	<b><u>4,770,880</u></b>
Dividends paid and payable	<b>12</b>	<b>(2,550,000)</b>	(3,840,000)
<b>Retained earnings at the start of the year</b>		<b>2,886,010</b>	1,955,130
<b>Retained earnings at the end of the year</b>		<b><u>2,877,291</u></b>	<b><u>2,886,010</u></b>

All the activities of the company are from continuing operations.

The notes on pages 14 to 20 form part of these financial statements.

**A. & E. Elkins Limited**  
**Statement of Financial Position**  
**30 April 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	13	225,364	183,871
<b>Current assets</b>			
Debtors	14	3,801,521	1,920,395
Cash at bank and in hand		4,720,247	12,200,935
		<u>8,521,768</u>	<u>14,121,330</u>
<b>Creditors: amounts falling due within one year</b>	15	<u>5,839,841</u>	<u>11,388,691</u>
<b>Net current assets</b>		<u>2,681,927</u>	<u>2,732,639</u>
<b>Total assets less current liabilities</b>		<u>2,907,291</u>	<u>2,916,510</u>
<b>Creditors: amounts falling due after more than one year</b>	16	<u>-</u>	<u>500</u>
<b>Net assets</b>		<u><u>2,907,291</u></u>	<u><u>2,916,010</u></u>
<b>Capital and reserves</b>			
Called up share capital	18	30,000	30,000
Profit and loss account	19	<u>2,877,291</u>	<u>2,886,010</u>
<b>Members funds</b>		<u><u>2,907,291</u></u>	<u><u>2,916,010</u></u>

These financial statements were approved by the board of directors and authorised for issue on 7 December 2017, and are signed on behalf of the board by:

G Smith  
Director



R A Elkins  
Director



Company registration number: 00846751

The notes on pages 14 to 20 form part of these financial statements.

**A. & E. Elkins Limited**  
**Statement of Cash Flows**  
**Year ended 30 April 2017**

	2017 £	2016 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	2,541,281	4,770,880
<i>Adjustments for:</i>		
Depreciation of tangible assets	58,783	52,088
Other interest receivable and similar income	(3,746)	(3,483)
Interest payable and similar expenses	9,297	24,000
Loss on disposal of tangible assets	3,304	—
Tax on profit	630,982	1,207,689
Accrued (income)/expenses	(1,113,502)	950,228
<i>Changes in:</i>		
Trade and other debtors	(1,881,126)	(26,086)
Trade and other creditors	(2,355,512)	3,278,885
Cash generated from operations	(2,110,239)	10,254,201
Interest paid	(9,297)	(24,000)
Interest received	3,746	3,483
Tax paid	(1,557,689)	(544,890)
Net cash (used in)/from operating activities	(3,673,479)	9,688,794
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(112,331)	(59,348)
Proceeds from sale of tangible assets	8,751	—
Net cash used in investing activities	(103,580)	(59,348)
<b>Cash flows from financing activities</b>		
Purchase of own shares	(500)	—
Proceeds from borrowings	(1,153,129)	1,175,719
Dividends paid	(2,550,000)	(3,840,000)
Net cash used in financing activities	(3,703,629)	(2,664,281)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(7,480,688)	6,965,165
<b>Cash and cash equivalents at beginning of year</b>	12,200,935	5,235,770
<b>Cash and cash equivalents at end of year</b>	4,720,247	12,200,935

The notes on pages 14 to 20 form part of these financial statements.

**A. & E. Elkins Limited**  
**Notes to the Financial Statements**  
**Year ended 30 April 2017**

**1. General information**

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is A & E House, Unit 1a Industrial Estate, Juno Way, London, SE14 5RW.

**2. 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'.

**3. Accounting policies**

**Basis of preparation**

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets 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.

**Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**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.



# **A. & E. Elkins Limited**

## **Notes to the Financial Statements** *(continued)*

**Year ended 30 April 2017**

### **3. Accounting policies** *(continued)*

#### **Tangible assets**

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

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

#### **Depreciation**

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

Leasehold 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

#### **Impairment of fixed assets**

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

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

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

#### **Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

# A. & E. Elkins Limited

## Notes to the Financial Statements (continued)

Year ended 30 April 2017

### 3. Accounting policies (continued)

#### Defined contribution plans

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

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

### 4. Turnover

Turnover arises from:

	2017 £	2016 £
Construction contracts	<u>32,017,760</u>	<u>41,575,104</u>

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

### 5. Operating profit

Operating profit or loss is stated after charging:

	2017 £	2016 £
Depreciation of tangible assets	58,783	52,088
Loss on disposal of tangible assets	3,304	–
Impairment of trade debtors	<u>37,516</u>	<u>13,641</u>

### 6. Auditor's remuneration

	2017 £	2016 £
Fees payable for the audit of the financial statements	<u>38,625</u>	<u>38,625</u>

### 7. Staff costs

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

	2017 No.	2016 No.
Number of directors	2	2
Number of administrative staff	8	8
Number of direct staff	<u>59</u>	<u>79</u>
	<u>69</u>	<u>89</u>

# A. & E. Elkins Limited

## Notes to the Financial Statements *(continued)*

**Year ended 30 April 2017**

### 7. Staff costs *(continued)*

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

	2017	2016
	£	£
Wages and salaries	3,159,298	3,066,873
Social security costs	39,793	48,548
Other pension costs	36,287	162,968
	<u>3,235,378</u>	<u>3,278,389</u>

### 8. Directors' remuneration

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

	2017	2016
	£	£
Remuneration	<u>150,000</u>	<u>399,622</u>

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

	2017	2016
	No.	No.
Defined contribution plans	<u>2</u>	<u>2</u>

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

	2017	2016
	£	£
Aggregate remuneration	<u>100,000</u>	<u>264,949</u>

### 9. Other interest receivable and similar income

	2017	2016
	£	£
Interest on cash and cash equivalents	<u>3,746</u>	<u>3,483</u>

### 10. Interest payable and similar expenses

	2017	2016
	£	£
Dividends paid on shares classed as debt	–	24,000
Other interest payable and similar charges	<u>9,297</u>	<u>–</u>
	<u>9,297</u>	<u>24,000</u>

# A. & E. Elkins Limited

## Notes to the Financial Statements *(continued)*

Year ended 30 April 2017

### 11. Tax on profit

#### Major components of tax expense

	2017 £	2016 £
<b>Current tax:</b>		
UK current tax expense	630,982	1,207,689
<b>Tax on profit</b>	<u>630,982</u>	<u>1,207,689</u>

#### Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2016: higher than) the standard rate of corporation tax in the UK of 19.92% (2016: 20%).

	2017 £	2016 £
Profit on ordinary activities before taxation	3,172,263	5,978,569
Profit on ordinary activities by rate of tax	631,915	1,195,714
Effect of expenses not deductible for tax purposes	8,564	13,858
Effect of capital allowances and depreciation	(9,427)	(1,883)
Rounding on tax charge	(70)	-
<b>Tax on profit</b>	<u>630,982</u>	<u>1,207,689</u>

### 12. Dividends

#### Equity dividends

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

	2017 £	2016 £
Equity dividends on ordinary shares	<u>2,550,000</u>	<u>3,840,000</u>

#### 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):

	2017 £	2016 £
Dividends on shares classed as debt	<u>-</u>	<u>24,000</u>

# A. & E. Elkins Limited

## Notes to the Financial Statements *(continued)*

**Year ended 30 April 2017**

### 13. Tangible assets

	Leasehold Improvements £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Equipment £	Total £
<b>Cost</b>						
At 1 May 2016	53,441	88,142	36,301	168,449	91,463	<b>437,796</b>
Additions	—	—	1,088	111,243	—	<b>112,331</b>
Disposals	—	—	—	(26,939)	—	<b>(26,939)</b>
<b>At 30 Apr 2017</b>	<b>53,441</b>	<b>88,142</b>	<b>37,389</b>	<b>252,753</b>	<b>91,463</b>	<b>523,188</b>
<b>Depreciation</b>						
At 1 May 2016	21,332	82,292	14,487	90,781	45,033	<b>253,925</b>
Charge for the year	5,344	878	3,435	37,519	11,607	<b>58,783</b>
Disposals	—	—	—	(14,884)	—	<b>(14,884)</b>
<b>At 30 Apr 2017</b>	<b>26,676</b>	<b>83,170</b>	<b>17,922</b>	<b>113,416</b>	<b>56,640</b>	<b>297,824</b>
<b>Carrying amount</b>						
<b>At 30 Apr 2017</b>	<b>26,765</b>	<b>4,972</b>	<b>19,467</b>	<b>139,337</b>	<b>34,823</b>	<b>225,364</b>
At 30 Apr 2016	32,109	5,850	21,814	77,668	46,430	183,871

### 14. Debtors

	2017 £	2016 £
Trade debtors	2,835,866	987,298
Prepayments and accrued income	947,089	900,999
Other debtors	18,566	32,098
	<b>3,801,521</b>	<b>1,920,395</b>

### 15. Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	2,309,902	4,667,022
Accruals and deferred income	2,403,001	3,516,503
Corporation tax	280,982	1,207,689
Social security and other taxes	484,623	475,977
Director loan accounts	352,816	1,505,945
Other creditors	8,517	15,555
	<b>5,839,841</b>	<b>11,388,691</b>

### 16. Creditors: amounts falling due after more than one year

	2017 £	2016 £
Shares classed as financial liabilities	—	500

# A. & E. Elkins Limited

## Notes to the Financial Statements *(continued)*

Year ended 30 April 2017

### 17. Employee benefits

#### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £36,287 (2016: £162,968).

### 18. Called up share capital

#### Issued, called up and fully paid

	2017		2016	
	No.	£	No.	£
<b>Amounts presented in equity:</b>				
Ordinary shares of £1 each	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>
<b>Amounts presented in liabilities:</b>				
Preference shares of £1 each	<u>-</u>	<u>-</u>	<u>500</u>	<u>500</u>

The number of shares outstanding at the year end date for all other classes of shares is consistent with the prior year.

### 19. Reserves

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

### 20. Operating leases

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

	2017	2016
	£	£
Later than 1 year and not later than 5 years	<u>140,000</u>	<u>175,000</u>

### 21. Directors' advances, credits and guarantees

As at 30th April 2017 R A Elkins, a director, was owed £242,710 by the company (2016 - £1,013,632) and G Smith, a director, was owed £110,106 by the company (2016 - £492,313).

### 22. 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 £85 per share (2016 - £128).