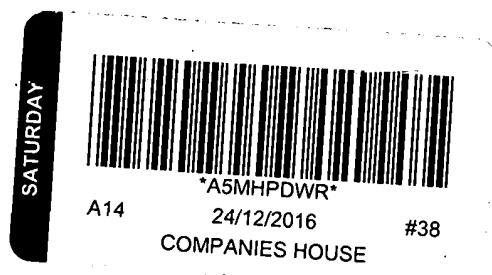


REGISTERED NUMBER: 02545561 (England and Wales)

P P O'CONNOR LIMITED
STRATEGIC REPORT, REPORT OF THE DIRECTOR AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2016



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FOR THE YEAR ENDED 31 OCTOBER 2016**

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P P O'CONNOR LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 OCTOBER 2016

DIRECTOR:

P P O'Connor

SECRETARY:

Mrs C H O'Connor

REGISTERED OFFICE:

Thames Trading Estate
Woodrow Way
Irlam
Manchester
M44 6NN

REGISTERED NUMBER:

02545561 (England and Wales)

AUDITORS:

DTE Business Advisers Limited
Chartered Accountants
Statutory Auditors
The Exchange
5 Bank Street
Bury
BL9 0DN

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 OCTOBER 2016**

The director presents his strategic report for the year ended 31 October 2016.

BUSINESS OVERVIEW

Established in 1960 P P O'Connor Limited is a leading force in the construction industry specialising in civil engineering, bulk earthworks, remediation, complex deconstruction and demolition, sustainable disposal and aggregate supply.

The company has continued its steady growth over the year despite the impact from Brexit with turnover up 3.0% year on year. The objective during 2015 was to concentrate on improving the quality of earnings rather than driving turnover and the results for the year reflect Managements' efforts in this area. The company has maintained its strategy to increase the proportion of work won direct with customers and to diversify into new markets as profitable opportunities arise. The company continues to develop its financial strategy in line with developments in the market place and to this end the company has set up a number of new subsidiaries which will begin to trade during 2017.

MARKETS AND TRENDS

Although the company's main geographic area of operation remains the North West it has continued to operate outside of this core area when profitable opportunities have arisen. During the course of 2016 the company completed projects from Birmingham in the South, to Cumbria in the North and in Wales in the West.

The company's impressive record of delivering projects safely and on time is continuing to generate opportunities both within its core geographic area and beyond. The company's experience is that the market is returning to normal following the midyear "blip" caused by Brexit and expects the start of 2017 to be busy.

BUSINESS MODEL

The company continues to maintain good working relationships with both customers and suppliers. It is the intention of the director to maintain, consolidate and build upon this position going forward by focusing on winning new profitable contracts and continuing to deliver high quality services to its customers in order to ensure that it continues to have a significant presence in the construction and excavation industry.

The company's key differentiators are its project delivery capability, its operational excellence and its investment in its people, its technology and its equipment which enable the Company to remain at the forefront of new developments.

Plant and Machinery Investment

The company's capital investment policy has always been to ensure that its equipment presents a positive image to its customers and delivers efficiency and reliability at all times while helping minimise its environmental impact by reducing the company's carbon footprint. During 2016 the company has expended its capability in line with the opportunities which have appeared in the market place.

People

The company continues to invest in its people, through both on the job training and through more formal external training programmes, in order to ensure staff have the appropriate skills to deliver the level of excellence to customers which the company expects. It continues to invest in additional staff where appropriate and as and when demand requires.

OBJECTIVES

The company's key objective for 2017 is to start to deliver the company's medium term plan with controlled and steady growth of turnover while maintaining quality of earning.

The investment the company made during 2016 in strengthening its senior staff and operational systems will continue into 2017.

STRATEGY

We seek to reinforce our strong position within the industry through investment in our employees, increasing our efforts in health and safety and environmental responsibilities, and maintaining our investments in technology and equipment.

Such commitment to our investments, we believe, will be a deciding factor in the growth of our business.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 OCTOBER 2016**

Through the management of integrated value chains we are able to approach the increasing market demands and changes to deliver projects effectively and efficiently in line with client requirements, and with emphasis on delivering growth to the business.

RISK FACTORS

We are always cognisant of the principal risks and uncertainties that are present within our industry. All financial and operational risks inherent in contracts are managed through the careful selection and appropriate due diligence when tendering for a contract.

The company is exposed to various elements which can have an adverse effect on its operational performance, financial performance, and cash flows. Examples being fuel costs, aggregate prices and supply of materials. We seek to manage the impact of such risks without eroding our competitive position.

The company seeks to eliminate financial loss from the failure of its customers to honour their obligations under their contract. The credit worthiness of new customers is assessed by the company prior to entering a contract and the indebtedness of all customers is actively managed to ensure prompt payment in line with the contract terms. In certain exceptional circumstances the company may consider insuring customers against default but this continues to be the exception rather than the norm.

The nature of the industry in which the company operates requires careful cash-flow management. The business monitors and forecasts cash requirements on a regular basis, both for tactical short term cash flow purposes but also for its medium and longer term forecasting and reporting. The company continues to utilise an invoice discounting facility for its main source of funding.

The nature of some of our projects exposes the company to health, safety and environment risks. Any breach of laws and regulations would incur fines, penalties and costs, whilst also damaging the reputation of the company. We ensure that we employ, either directly or by way of professional services contracts, the relevant professionals to provide the oversight to all our activities and that where appropriate they carry suitable levels of insurance to indemnify the company against financial loss.

The other key business risks affecting the company are considered to relate to competition, regulation, customer acquisition and working capital management. The director actively monitors trends in trading and, with the help of management, makes strategic decisions to mitigate any material threat to the long term stability of the company.

KEY PERFORMANCE INDICATORS

The company analyses its financial performance in the year by its ability to make an accounting profit, to generate a sustainable cash flow and to control its receivables. To this end it sets itself three main KPI's an operating profit target, a free cash flow target and a debtor days target.

Although the operating profit for the year was satisfactory the company did achieve its targets for cash generation and control of its debt.

In addition the company looks to project delivery; being the capability of delivering projects to budget and other set targets, as a key indicator.

PERFORMANCE

The company was able once again to show steady controlled growth during 2016 and has started its journey to achieve the level of profitability which the director expects.

We delivered on new projects for both existing and new clients throughout the year and we look positively towards our pipeline of work delivering some of the significant opportunities in the industry.

The company continues to work extensively on the management of its operational performance and the management of costs and will endeavour to increase the performance from capital employed in the business thus improving its financial returns and cash flows.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 OCTOBER 2016**

We are confident that our strategy, together with our senior management team will allow us to deliver all of our targets and objectives.

ON BEHALF OF THE BOARD:



P P O'Connor - Director

22 December 2016

**REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31 OCTOBER 2016**

The director presents his report with the financial statements of the company for the year ended 31 October 2016.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of soil, hardcore and other materials, excavation, demolition, selling of aggregates and recycling.

DIVIDENDS

During the year, interim dividends totalling £220,000 were paid in respect of the Ordinary £1 'A' shares to P P O'Connor, J O'Connor and C O'Connor (2015 - £50,000).

In addition, an interim dividend totalling £12,500 was voted and paid in respect of the Ordinary £1 'B' shares to Mrs C H O'Connor (2015 - £5,000).

DIRECTOR

P P O'Connor held office during the whole of the period from 1 November 2015 to the date of this report.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Strategic Report, the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31 OCTOBER 2016**

AUDITORS

DTE Business Advisers Limited has indicated its willingness to be reappointed for another term and appropriate arrangements are being made for it to be deemed reappointed as auditor in absence of an Annual General Meeting.

ON BEHALF OF THE BOARD:



P P O'Connor - Director

22 December 2016

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
P P O'CONNOR LIMITED**

We have audited the financial statements of P P O'Connor Limited for the year ended 31 October 2016 on pages nine to twenty nine. 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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 director and auditors

As explained more fully in the Statement of Director's Responsibilities set out on page five, the director is 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 director; 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 Report of the Director 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 31 October 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; 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 Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
P P O'CONNOR LIMITED**

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



Fiona O'Loughlin (Senior Statutory Auditor)
for and on behalf of DTE Business Advisers Limited
Chartered Accountants
Statutory Auditors
The Exchange
5 Bank Street
Bury
BL9 0DN

22 December 2016

**INCOME STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2016**

	Notes	2016 £	2015 £
REVENUE	3	22,000,535	21,350,780
Cost of sales		(17,876,753)	(16,954,642)
GROSS PROFIT		4,123,782	4,396,138
Administrative expenses		(2,271,698)	(2,194,382)
		1,852,084	2,201,756
Other operating income	4	60,000	30,350
OPERATING PROFIT	6	1,912,084	2,232,106
Exceptional loss on contract		-	(1,577,362)
		1,912,084	654,744
Interest payable and similar charges	7	(590,091)	(551,917)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,321,993	102,827
Tax on profit on ordinary activities	8	(345,952)	32,417
PROFIT FOR THE FINANCIAL YEAR		976,041	135,244

The notes form part of these financial statements

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 OCTOBER 2016**

	Notes	2016 £	2015 £
PROFIT FOR THE YEAR		976,041	135,244
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>976,041</u>	<u>135,244</u>

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
31 OCTOBER 2016

	Notes	2016 £	2015 £
FIXED ASSETS			
Property, plant and equipment	10	9,442,129	10,636,746
CURRENT ASSETS			
Inventories	11	62,709	75,501
Debtors	12	5,835,839	7,076,910
Cash at bank and in hand		1,564,759	443,779
		<u>7,463,307</u>	<u>7,596,190</u>
CREDITORS			
Amounts falling due within one year	13	(7,534,174)	(8,957,777)
NET CURRENT LIABILITIES		<u>(70,867)</u>	<u>(1,361,587)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,371,262</u>	<u>9,275,159</u>
CREDITORS			
Amounts falling due after more than one year	14	(3,499,048)	(4,163,928)
PROVISIONS FOR LIABILITIES	17	<u>(726,202)</u>	<u>(708,760)</u>
NET ASSETS		<u><u>5,146,012</u></u>	<u><u>4,402,471</u></u>
CAPITAL AND RESERVES			
Called up share capital	18	100	100
Retained earnings	19	<u>5,145,912</u>	<u>4,402,371</u>
SHAREHOLDERS' FUNDS		<u><u>5,146,012</u></u>	<u><u>4,402,471</u></u>

The financial statements were approved by the director on 22 December 2016 and were signed by:



P P O'Connor - Director

The notes form part of these financial statements

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2016**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 November 2014	100	4,322,127	4,322,227
Changes in equity			
Dividends	-	(55,000)	(55,000)
Total comprehensive income	-	135,244	135,244
Balance at 31 October 2015	100	4,402,371	4,402,471
Changes in equity			
Dividends	-	(232,500)	(232,500)
Total comprehensive income	-	976,041	976,041
Balance at 31 October 2016	100	5,145,912	5,146,012

The notes form part of these financial statements

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 OCTOBER 2016**

		2016	2015
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	1	3,829,870	1,001,890
Interest paid		(273,780)	(154,729)
Interest element of hire purchase and finance lease rental payments paid		(316,311)	(397,188)
Tax refund		88,352	-
Net cash from operating activities		<u>3,328,131</u>	<u>449,973</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(163,757)	(16,590)
Sale of tangible fixed assets		1,549,356	2,540,732
Net cash from investing activities		<u>1,385,599</u>	<u>2,524,142</u>
Cash flows from financing activities			
Capital repayments in year		(3,388,759)	(2,615,547)
Amount introduced by directors		28,509	(63,865)
Equity dividends paid		(232,500)	(55,000)
Net cash from financing activities		<u>(3,592,750)</u>	<u>(2,734,412)</u>
Increase in cash and cash equivalents		<u>1,120,980</u>	<u>239,703</u>
Cash and cash equivalents at beginning of year	2	443,779	204,076
Cash and cash equivalents at end of year	2	<u><u>1,564,759</u></u>	<u><u>443,779</u></u>

The notes form part of these financial statements

**NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 OCTOBER 2016**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2016	2015
	£	£
Profit before taxation	1,321,993	102,827
Depreciation charges	1,732,339	1,659,127
Profit on disposal of fixed assets	(13,943)	(101,966)
Government grants	(60,000)	(80,000)
Finance costs	590,091	551,917
	3,570,480	2,131,905
Decrease in inventories	12,792	11,506
Decrease/(increase) in trade and other debtors	1,241,071	(784,045)
Decrease in trade and other creditors	(994,473)	(357,476)
Cash generated from operations	3,829,870	1,001,890

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 October 2016

	31.10.16	1.11.15
	£	£
Cash and cash equivalents	1,564,759	443,779

Year ended 31 October 2015

	31.10.15	1.11.14
	£	£
Cash and cash equivalents	443,779	204,076

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016**

1. STATUTORY INFORMATION

P P O'Connor Limited is a company registered in England and Wales, registration number 02545561. The registered office address is Thames Trading Estate, Woodrow Way, Irlam, Manchester M44 6NN.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

For the reasons fully explained in the Strategic Report, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus he continues to adopt the going concern basis in preparing the annual financial statements.

The company has transitioned to Financial Reporting Standard 102 and the Companies Act 2006 from UK Generally Accepted Accounting Practice. The date of the transition to FRS 102 is 1 November 2014. Pages 27 - 29 show the effect of the transition on the financial statements. The accounting policies which follow set out those policies which apply in preparing the financial statements for year ended 31 October 2016.

Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

Revenue

Turnover represents the value of the sale of services provided, net of value added tax and after taking into account retentions on contracts and expected remedial works.

Revenue is recognised when a right to consideration has been obtained through performance under each contract. Consideration accrues as contract activity progresses by reference to the value of work performed. Turnover is not recognised where the right to receive payment is contingent on events outside the control of the company.

Unbilled revenue is included in debtors as 'Trade debtors and Amounts recoverable on contracts'.

Property, plant and equipment

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Improvements to property	- 10% on cost
Plant and machinery	- 12.5% to 33.33% on cost
Fixtures and fittings	- Straight line over 10 and 20 years
Motor vehicles	- 25% on reducing balance
Computer equipment	- 10% to 33.33% on cost

In accordance with FRS 102, land is not depreciated.

Cash & Cash Equivalents

Cash and equivalents include cash in hand, deposits held at call with banks and other short term liquid investments with original maturities of three months or less.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2016

2. ACCOUNTING POLICIES - continued

Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost represents actual purchase price.

Deferred tax

Deferred tax is recognised on timing differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible timing differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax for the year is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

All other leases are treated as operating leases. The annual rentals are charged to the profit and loss account in the period in which they become payable.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Government grant

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss over the expected useful economic life of the respective fixed assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2016

2. ACCOUNTING POLICIES - continued

Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make estimates and judgements. The estimates are based on historical experience and other relevant factors. Actual results may differ from these estimates.

The estimates are continually evaluated. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Determining the expected outcome of long-term contracts prior to their conclusion and calculating the attributable profit that should be recognised in a manner appropriate to the stage of completion.

Estimating the useful economic life of an asset and the anticipated residual value in calculating an appropriate depreciation charge.

In categorising leases as finance or operating leases, the directors make judgements as to whether significant risks and rewards of ownership have transferred to the company as lessee.

Financial instruments

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

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

Basic financial liabilities are initially measured at transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

3. REVENUE

The amount of contract revenue recognised in the year as revenue amounted to £15,857,800 (2015 - £14,936,314).

Revenue is ascertained by reference to the valuation of the work carried out to date based on submitted payment applications and previously certified work.

The contract stage of completion is assessed with reference to the value of completed works in comparison to the total contract price, as amended for known variations.

4. OTHER OPERATING INCOME

	2016	2015
	£	£
Management charges	-	10,350
Grants received	60,000	20,000
	<u>60,000</u>	<u>30,350</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2016

5. STAFF COSTS

	2016	2015
	£	£
Wages and salaries	5,649,516	5,345,203
Social security costs	585,669	626,129
Other pension costs	52,104	48,247
	<u>6,287,289</u>	<u>6,019,579</u>

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

	2016	2015
Director	1	1
Administration and clerical	26	26
Direct labour	125	151
	<u>152</u>	<u>178</u>

6. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2016	2015
	£	£
Depreciation - owned assets	455,829	243,741
Depreciation - assets on hire purchase contracts and finance leases	1,276,510	1,415,386
Profit on disposal of fixed assets	(13,943)	(101,966)
Auditors' remuneration	18,500	20,000
	<u>33,282</u>	<u>27,570</u>
Director's remuneration	33,282	27,570
Director's pension contributions to money purchase schemes	167	202
	<u>167</u>	<u>202</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2016	2015
	£	£
Bank interest	1,779	12,433
Interest on overdue tax	1,471	65,012
Invoice discounting charges	208,369	77,284
Hire purchase interest	316,311	346,655
Lease finance charges	62,161	50,533
	<u>590,091</u>	<u>551,917</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2016

8. TAXATION

Analysis of the tax charge/(credit)

The tax charge/(credit) on the profit on ordinary activities for the year was as follows:

	2016 £	2015 £
Current tax:		
UK corporation tax	321,778	-
Under provision in prior year	6,731	-
Total current tax	<u>328,509</u>	<u>-</u>
Deferred tax:		
Accelerated capital allowances	(29,776)	(32,417)
Unrelieved tax losses	72,219	-
Other timing differences	(25,000)	-
Total deferred tax	<u>17,443</u>	<u>(32,417)</u>
Tax on profit on ordinary activities	<u>345,952</u>	<u>(32,417)</u>

Reconciliation of total tax charge/(credit) included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>1,321,993</u>	<u>102,827</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20%)	264,399	20,565
Effects of:		
Expenses not deductible for tax purposes	89,337	37,295
Capital allowances in excess of depreciation	-	(65,120)
Depreciation in excess of capital allowances	49,636	-
Utilisation of tax losses	(48,701)	-
Adjustments to tax charge in respect of previous periods	6,731	-
(Profit) / loss on disposal of fixed assets	(32,893)	(14,228)
Losses carried forward	-	21,488
Movement in deferred tax	17,443	(32,417)
Total tax charge/(credit)	<u>345,952</u>	<u>(32,417)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2016

9. DIVIDENDS

	2016 £	2015 £
Ordinary A shares of £1 each		
Interim	220,000	50,000
Ordinary B shares of £1 each		
Interim	12,500	5,000
	<u>232,500</u>	<u>55,000</u>

10. PROPERTY, PLANT AND EQUIPMENT

	Land £	Improvements to property £	Plant and machinery £
Cost			
At 1 November 2015	59,532	237,287	14,728,862
Additions	-	-	1,881,800
Disposals	(59,532)	-	(2,866,606)
At 31 October 2016	-	237,287	13,744,056
Depreciation			
At 1 November 2015	-	237,287	4,635,975
Charge for year	-	-	1,596,649
Eliminated on disposal	-	-	(1,412,801)
At 31 October 2016	-	237,287	4,819,823
Net book value			
At 31 October 2016	-	-	8,924,233
At 31 October 2015	59,532	-	10,092,887

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2016

10. PROPERTY, PLANT AND EQUIPMENT - continued

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
Cost				
At 1 November 2015	334,148	867,289	58,262	16,285,380
Additions	-	188,094	3,241	2,073,135
Disposals	-	(96,392)	(4,298)	(3,026,828)
At 31 October 2016	<u>334,148</u>	<u>958,991</u>	<u>57,205</u>	<u>15,331,687</u>
Depreciation				
At 1 November 2015	147,932	606,589	20,851	5,648,634
Charge for year	27,584	91,616	16,490	1,732,339
Eliminated on disposal	-	(74,316)	(4,298)	(1,491,415)
At 31 October 2016	<u>175,516</u>	<u>623,889</u>	<u>33,043</u>	<u>5,889,558</u>
Net book value				
At 31 October 2016	<u>158,632</u>	<u>335,102</u>	<u>24,162</u>	<u>9,442,129</u>
At 31 October 2015	<u>186,216</u>	<u>260,700</u>	<u>37,411</u>	<u>10,636,746</u>

Fixed assets, included in the above, which are held under hire purchase contracts and finance leases are as follows:

	Plant and machinery £	Motor vehicles £	Totals £
Cost			
At 1 November 2015	11,133,124	250,820	11,383,944
Additions	1,745,551	163,828	1,909,379
Disposals	(1,672,718)	(27,800)	(1,700,518)
Transfer to ownership	(384,290)	(65,837)	(450,127)
At 31 October 2016	<u>10,821,667</u>	<u>321,011</u>	<u>11,142,678</u>
Depreciation			
At 1 November 2015	2,324,187	92,513	2,416,700
Charge for year	1,218,077	58,433	1,276,510
Eliminated on disposal	(638,016)	(13,791)	(651,807)
Transfer to ownership	(197,117)	(40,137)	(237,254)
At 31 October 2016	<u>2,707,131</u>	<u>97,018</u>	<u>2,804,149</u>
Net book value			
At 31 October 2016	<u>8,114,536</u>	<u>223,993</u>	<u>8,338,529</u>
At 31 October 2015	<u>8,808,937</u>	<u>158,307</u>	<u>8,967,244</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2016

11. INVENTORIES

	2016	2015
	£	£
Inventories	<u>62,709</u>	<u>75,501</u>

12. DEBTORS

	2016	2015
	£	£
Amounts falling due within one year:		
Trade debtors and amounts recoverable on contracts	4,733,059	6,015,419
Other debtors	940,187	312,459
Corporation tax	-	95,083
S455 tax	37,947	37,947
Prepayments and accrued income	99,646	591,002
	<u>5,810,839</u>	<u>7,051,910</u>
Amounts falling due after more than one year:		
Other debtors	<u>25,000</u>	<u>25,000</u>
Aggregate amounts	<u>5,835,839</u>	<u>7,076,910</u>

At the balance sheet date included within trade debtors are amounts totalling £1,068,382 (2015 - £2,699,111) which are subject to an invoice discounting arrangement.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Hire purchase contracts and finance leases (see note 15)	2,068,800	2,445,311
Trade creditors	2,278,973	2,423,928
Corporation tax	321,778	-
Social security and other taxes	643,830	1,136,485
Other creditors	88,608	169,891
Invoice discounting creditor	375,090	650,000
Director's current account	43,687	15,178
Accruals and deferred income	1,713,408	2,116,984
	<u>7,534,174</u>	<u>8,957,777</u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2016	2015
	£	£
Hire purchase contracts and finance leases (see note 15)	<u>3,499,048</u>	<u>4,163,928</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2016

15. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts		Finance leases	
	2016	2015	2016	2015
	£	£	£	£
Gross obligations repayable:				
Within one year	1,924,441	2,278,551	515,823	465,829
Between one and five years	2,757,879	3,977,506	926,350	510,574
	<u>4,682,320</u>	<u>6,256,057</u>	<u>1,442,173</u>	<u>976,403</u>
Finance charges repayable:				
Within one year	311,903	263,620	59,561	35,449
Between one and five years	152,471	285,151	32,710	39,001
	<u>464,374</u>	<u>548,771</u>	<u>92,271</u>	<u>74,450</u>
Net obligations repayable:				
Within one year	1,612,538	2,014,931	456,262	430,380
Between one and five years	2,605,408	3,692,355	893,640	471,573
	<u>4,217,946</u>	<u>5,707,286</u>	<u>1,349,902</u>	<u>901,953</u>

16. SECURED DEBTS

The following secured debts are included within creditors:

	2016	2015
	£	£
Hire purchase contracts and finance leases	5,567,848	6,609,239
Invoice discounting creditor	375,090	650,000
	<u>5,942,938</u>	<u>7,259,239</u>

17. PROVISIONS FOR LIABILITIES

	2016	2015
	£	£
Deferred tax		
Accelerated capital allowances	751,202	780,979
Unrelieved tax losses	-	(72,219)
Other timing differences	(25,000)	-
	<u>726,202</u>	<u>708,760</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2016

17. PROVISIONS FOR LIABILITIES - continued

	Deferred tax £
Balance at 1 November 2015	708,760
Charge to Income Statement during year	17,442
Balance at 31 October 2016	<u>726,202</u>

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2016 £	2015 £
50	Ordinary A	£1	50	50
50	Ordinary B	£1	50	50
			<u>100</u>	<u>100</u>

19. RESERVES

	Retained earnings £
At 1 November 2015	4,402,371
Profit for the year	976,041
Dividends	(232,500)
At 31 October 2016	<u>5,145,912</u>

20. CAPITAL COMMITMENTS

	2016 £	2015 £
Contracted but not provided for in the financial statements	<u>1,925,000</u>	<u>-</u>

21. RELATED PARTY DISCLOSURES

P P O'Connor (Contractors) Limited

The director of this company is the brother of P P O'Connor.

Included within creditors falling due within one year is an amount owed to P P O'Connor (Contractors) Limited totalling £1 (2015 - £66,382). This advance is unsecured, interest free and repayable upon demand.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2016

21. RELATED PARTY DISCLOSURES - continued

C O'Connor

Shareholder and sister of director

Included within creditors falling due within one year is an amount owed to C O'Connor totalling £24,537 (2015 - £4,103). This advance is unsecured, interest free and repayable upon demand.

During the year dividends totalling £33,600 (2015 - £nil) were paid to C O'Connor.

J O'Connor

Shareholder and brother of director

Included within debtors falling due within one year is a balance totalling £nil (2015 - £13,580) in respect of J O'Connor. This advance is unsecured, interest free and repayable upon demand.

Included within creditors falling due within one year is an amount owed to J O'Connor totalling £35,589 (2015 - £nil). This advance is unsecured, interest free and repayable upon demand.

During the year dividends totalling £33,600 (2015 - £nil) were paid to J O'Connor.

C L G Developments & Civils UK Limited

Common directorship

Included within creditors falling due within one year is a balance totalling £1 (2015 - £33,291) in respect of C L G Developments & Civils UK Limited. This advance is unsecured, interest free and repayable upon demand.

PJC Partnership

A partnership controlled by O'Connor family members

During the year the company:-

i) Incurred a rent charge of £94,952 (2015 - £94,952) from the PJC Partnership in respect of the business premises occupied at Delhi Road, Irlam. There is no formal lease agreement in place.

ii) Incurred a rent charge of £48,000 (2015 - £24,000) in respect of the occupation of the "Sharston Site", which is owned by the PJC Partnership. At the prior year end, the rental charges had not been invoiced and were included in accruals and deferred income totalling £84,000.

Included within debtors falling due within one year are amounts totalling £647,716 (2015 - £171,911) in respect of the PJC Partnership. This balance is unsecured, interest free and repayable upon demand.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2016**

21. RELATED PARTY DISCLOSURES - continued

P P O'Connor Plant Limited

A company in which P P O'Connor has an interest

During the year, the company was charged £735,259 (2015 - £442,329) for the hire of plant and machinery from P P O'Connor Plant Limited. At the balance sheet date £259,686 (2015 - £38,131) was owed to P P O'Connor Plant Limited in respect of unpaid hire fees and is included within creditors.

During the year, the company sold plant and machinery to P P O'Connor Plant Limited totalling £57,778. At the balance sheet date £34,020 was due in respect of the disposal of plant and machinery and is included within debtors.

Included within debtors falling due within one year are amounts totalling £292,591 (2015 - £nil) owed by P P O'Connor Plant Limited. This advance was unsecured, interest free and repayable upon demand.

During the year fees totalling £41,350 (2015 - £10,350) were charged to P P O'Connor Plant Limited for management services provided.

P P O'Connor

Director and shareholder

During the year dividends totalling £152,800 (2015 - £50,000) were paid to P P O'Connor.

Included within creditors falling due within one year is a director's current account balance of £43,687 (2015 - £15,178) due to P P O'Connor. This advance is unsecured, interest free and repayable upon demand.

Mrs C H O'Connor

Shareholder and mother of the director

During the year dividends totalling £12,500 (2015 - £5,000) were paid to Mrs C H O'Connor.

22. CONTROL

The company is controlled by shareholders P P O'Connor, C O'Connor, J O'Connor and Mrs C H O'Connor. The day to day running of the company is controlled by P P O'Connor.

**RECONCILIATION OF EQUITY
1 NOVEMBER 2014
(DATE OF TRANSITION TO FRS 102)**

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
FIXED ASSETS				
Property, plant and equipment		12,241,399	-	12,241,399
CURRENT ASSETS				
Inventories		87,007	-	87,007
Debtors		6,292,865	-	6,292,865
Cash at bank		204,076	-	204,076
		6,583,948	-	6,583,948
CREDITORS				
Amounts falling due within one year		(9,555,951)	-	(9,555,951)
NET CURRENT LIABILITIES		(2,972,003)	-	(2,972,003)
TOTAL ASSETS LESS CURRENT LIABILITIES		9,269,396	-	9,269,396
CREDITORS				
Amounts falling due after more than one year		(4,205,992)	-	(4,205,992)
PROVISIONS FOR LIABILITIES		(741,177)	-	(741,177)
NET ASSETS		4,322,227	-	4,322,227
CAPITAL AND RESERVES				
Called up share capital		100	-	100
Retained earnings		4,322,127	-	4,322,127
SHAREHOLDERS' FUNDS		4,322,227	-	4,322,227

The notes form part of these financial statements

RECONCILIATION OF EQUITY - continued
31 OCTOBER 2015

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
FIXED ASSETS				
Property, plant and equipment		10,636,746	-	10,636,746
CURRENT ASSETS				
Inventories		75,501	-	75,501
Debtors		7,076,910	-	7,076,910
Cash at bank		443,779	-	443,779
		7,596,190	-	7,596,190
CREDITORS				
Amounts falling due within one year		(8,957,777)	-	(8,957,777)
NET CURRENT LIABILITIES		(1,361,587)	-	(1,361,587)
TOTAL ASSETS LESS CURRENT LIABILITIES		9,275,159	-	9,275,159
CREDITORS				
Amounts falling due after more than one year		(4,163,928)	-	(4,163,928)
PROVISIONS FOR LIABILITIES		(708,760)	-	(708,760)
NET ASSETS		4,402,471	-	4,402,471
CAPITAL AND RESERVES				
Called up share capital		100	-	100
Retained earnings		4,402,371	-	4,402,371
SHAREHOLDERS' FUNDS		4,402,471	-	4,402,471

The notes form part of these financial statements

**RECONCILIATION OF PROFIT
FOR THE YEAR ENDED 31 OCTOBER 2015**

	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
REVENUE	21,350,780	-	21,350,780
Cost of sales	(16,954,642)	-	(16,954,642)
GROSS PROFIT	4,396,138	-	4,396,138
Administrative expenses	(2,194,382)	-	(2,194,382)
Other operating income	30,350	-	30,350
OPERATING PROFIT	2,232,106	-	2,232,106
Exceptional loss on contract	(1,577,362)	-	(1,577,362)
Interest payable and similar charges	(551,917)	-	(551,917)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	102,827	-	102,827
Tax on profit on ordinary activities	32,417	-	32,417
PROFIT FOR THE FINANCIAL YEAR	135,244	-	135,244

The notes form part of these financial statements