

Company Registration No. 02742648 (England and Wales)

CLESHAR CONTRACT SERVICES LIMITED

**ANNUAL REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2017**

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CLESHAR CONTRACT SERVICES LIMITED

COMPANY INFORMATION

Directors	Sir John Gains Patricia G O'Neill Michael Hesnan Michael P S Horgan Damian F Tiernan Simon J V Miesegaes
Secretary	S J V Miesegaes
Company number	02742648
Registered office	Heather Park House North Circular Road Stonebridge London NW10 7NN
Auditor	Cheesmans 4 Aztec Row Berners Road London N1 0PW
Bankers	Barclays Bank PLC One Churchill Place London E14 5HP

CLESHAR CONTRACT SERVICES LIMITED

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CLESHAR CONTRACT SERVICES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The directors present the strategic report for the year ended 31 March 2017.

Fair review of the business

The company has operated in the following four key areas:

- Facilities works, including the provision of safety critical resources, specialised cleaning, litter picking, vegetation and arboricultural works, fencing and barriers, and escalator cleaning within the UK rail infrastructure network;
- Track maintenance, renewals and welding services within the UK rail infrastructure network;
- Provision of support services within the UK rail infrastructure networks; and
- Provision of capital works within the UK rail infrastructure network;

The company has continued to work closely with its main clients as they seek to upgrade the UK rail transport network.

Principal risks and uncertainties

The principal risks facing Cleshar Contract Services Limited are as follows:

- Non-compliance within the Health and Safety, and Quality and Assurance environments;
- A loss of reputation as a high class provider of specialist services;
- Increased competition and pressure on margins as a result of an increase of new entrants into the business environment;
- Compliance with the highly stringent conditions and procedures within the UK rail infrastructure network; and
- Staff retention in an increasingly competitive environment.

CLESHAR CONTRACT SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

Development and performance

This year's turnover and margins were in line with expectation and reflect market conditions.

The directors are confident of the business going forward and, in particular, of supporting their Clients by executing the works required to be carried out under the company's commercial contracts. The company has recently entered into a new lease for premises to support the future growth within the UK Rail infrastructure network.

The following procedures continue to be applied to aid the directors in monitoring the performance of the company and include:

- Monthly meetings with senior management to review the management accounts including detailed reviews of the key performance indicators of margins, volumes of sales, overheads and contractual issues as well as performance against budget.

Key performance indicators

The key performance indicators for the company are as follows:

- Turnover;
- Profit margin;
- Profit before tax;
- Trade debtor days; and
- Audits

Turnover

As noted the percentage change in turnover was in line with expectations.

Profit margin

The gross profit margin of the company has been sustained at 5.7% (2016: 4.0%). Net margin, excluding intra group dividends, was 1.1% (2016: 0.41%).

Profit before tax

The profit before tax of the company has decreased in the year from £724k to £624k.

Trade debtor days

Trade debtor days have increased in the year from 14.6 to 36.4 days, reflecting the significant amount of invoicing carried out in March 2017.

CLESHAR CONTRACT SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

Audits

During the year, the company has undergone a large number of internal and external audits. These have included the confirmation of its continued accreditation in respect of the latest revisions of BSEN ISO 9001, OHSAS 18001, BSEN ISO 14001, CEMARS (Carbon Footprint), Network Rail RISQS approval, Network Rail Principal Contractor's Licence ("PCL") and the FORS accreditation.

The directors have continued to invest significantly in the Health and Safety department and in training and career development, given the responsibility that they have for the proper care and support of operations. In particular, the company has continued to:

- Recruit additional members of staff into the Health and Safety department;
- Invest in new management information systems; and
- Ensure that the Board is appraised of Health and Safety and Quality and Assurance issues on a regular basis.

On behalf of the Board

.....
Sir John Gains
Chairman
.....

CLESHAR CONTRACT SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The directors present their annual report and financial statements for the year ended 31 March 2017.

Principal activities

The principal activities of the company are:

- the provision of support services to the UK rail infrastructure network;
- the provision of track maintenance, renewals and welding services to the UK rail infrastructure network;
- the provision of capital works within the UK rail infrastructure network and other sectors; and
- the provision of training services to the UK rail infrastructure network.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Sir John Gains

Patricia G O'Neill

Michael Hesnan

Michael P S Horgan

Damian F Tiernan

Simon J V Miesegaes

Antony J Black

(Resigned 2 April 2017)

Eileen J Schroeder

(Resigned 30 September 2016)

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £637,631. The directors do not recommend payment of a final dividend.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The company's policy is to consult and discuss with employees, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

Auditor

The auditor, Cheesmans, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

CLESHAR CONTRACT SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

Statement of directors' responsibilities

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

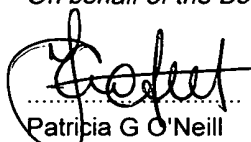
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the Board



Patricia G O'Neill

Chief Executive Officer

874 JUNE 2017

CLESHAR CONTRACT SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF CLESHAR CONTRACT SERVICES LIMITED

We have audited the financial statements of Cleshar Contract Services Limited for the year ended 31 March 2017 set out on pages 8 to 22. 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's member, 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 member 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 member, 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 set out on page 5, 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 annual 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 31 March 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 matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

CLESHAR CONTRACT SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF CLESHAR CONTRACT SERVICES LIMITED

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters 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.

Carol Cheesman (Senior Statutory Auditor)
for and on behalf of Cheesmans

8 June 2017

Chartered Accountants
Statutory Auditor

4 Aztec Row
Berners Road
London
N1 0PW

CLESHAR CONTRACT SERVICES LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £	2016 £
Turnover	1.3,3	57,254,989	71,073,643
Cost of sales		(54,007,819)	(68,216,003)
Gross profit		3,247,170	2,857,640
Administrative expenses		(2,625,037)	(2,563,140)
Operating profit	4	622,133	294,500
Interest receivable and similar income	6	1,719	429,818
Profit before taxation		623,852	724,318
Taxation	7	(148,000)	(86,687)
Profit for the financial year		475,852	637,631
Total comprehensive income for the year		475,852	637,631

The profit and loss account has been prepared on the basis that all operations are continuing operations.

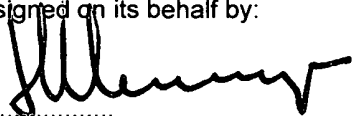
CLESHAR CONTRACT SERVICES LIMITED

BALANCE SHEET

AS AT 31 MARCH 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	10		171,694		186,035
Investments	11		1,000		1,000
			<u>172,694</u>		<u>187,035</u>
Current assets					
Stocks	12	62,218		92,776	
Debtors	13	8,593,631		12,801,880	
Cash at bank and in hand		2,753,746		2,649,833	
		<u>11,409,595</u>		<u>15,544,489</u>	
Creditors: amounts falling due within one year	14	<u>(10,930,436)</u>		<u>(14,917,892)</u>	
Net current assets			479,159		626,597
Total assets less current liabilities			<u>651,853</u>		<u>813,632</u>
Capital and reserves					
Called up share capital	15		126,000		126,000
Profit and loss reserves			525,853		687,632
Total equity			<u>651,853</u>		<u>813,632</u>

The financial statements were approved by the Board of Directors and authorised for issue on 8th June 2017 and are signed on its behalf by:



Simon J V Miesegaes
Group Finance Director

^ Company Registration No. 02742648

CLESHAR CONTRACT SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 April 2015		126,000	390,848	516,848
Year ended 31 March 2016:				
Profit and total comprehensive income for the year		-	637,631	637,631
Dividends	8	-	(340,847)	(340,847)
Balance at 31 March 2016		126,000	687,632	813,632
Year ended 31 March 2017:				
Profit and total comprehensive income for the year		-	475,852	475,852
Dividends	8	-	(637,631)	(637,631)
Balance at 31 March 2017		126,000	525,853	651,853

CLESHAR CONTRACT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

Company information

Cleshar Contract Services Limited is a private company limited by shares incorporated in England and Wales. The registered office is Heather Park House, North Circular Road, Stonebridge, London, NW10 7NN.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

The financial statements are drawn up to within one week of 31 March in each year (2017(53 weeks) 2 April : 2016(52 weeks) 27 March).

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Cleshar Contract Services Limited is a wholly owned subsidiary of CCS Group Plc and the results of Cleshar Contract Services Limited are included in the consolidated financial statements of CCS Group Plc which are available from the Registrar of Companies, Companies House, Maindy, Cardiff, CF4 3UZ.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost net of depreciation/ amortisation and any impairment losses.

CLESHAR CONTRACT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

Depreciation/ amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Short leasehold land and buildings	over remaining period of the lease
Fixtures, fittings & equipment	2 years
Motor vehicles	2 & 4 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Stocks

Stocks represent consumable materials and are held for distribution at no or nominal consideration. They are measured at cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated service potential is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

CLESHAR CONTRACT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

1.8 Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

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

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

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

CLESHAR CONTRACT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Group relief

Where group relief is claimed, the claimant company pays to the surrendering company an amount equal to the corporation tax saved.

CLESHAR CONTRACT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.15 Retentions

Client retentions are not brought into account until they have been received.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements

The following judgements have had the most significant effect on amounts recognised in the financial statements.

Accrued Income

Where an amount has not resulted in a Sales Invoice being raised at the balance sheet date relating to works carried out within the period Accrued Income is recognised within the Financial Statements. This affects both Turnover and Debtors. The Commercial Managers employed by the Group assess the value of works to be invoiced after the period by using their professional expertise in applying the contracts to calculate these amounts, which are then reviewed and ratified by the Directors.

Accruals

Where an amount has not been invoiced at the balance sheet date for goods and/or services received or relating to prior to the balance sheet date an accrual is created where the economic outflow is probable and can be reliably measured. The Directors make judgements on the level and treatment of these amounts. This affects, within the Profit and Loss Account, both Cost of Sales and Administrative expenses (depending on the nature of the accrual required) as well as, within the Balance Sheet, Creditors: Amounts Falling Due Within One Year.

CLESHAR CONTRACT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2017 £	2016 £
Turnover		
Maintenance	32,947,740	45,912,861
Facilities	11,067,899	11,572,149
Support Works	9,239,493	7,291,677
Rail Construction Contracts	3,999,857	6,296,956
	<u>57,254,989</u>	<u>71,073,643</u>

Other significant revenue

Dividends received	-	429,818
	<u>-</u>	<u>429,818</u>

Turnover analysed by geographical market

	2017 £	2016 £
United Kingdom	<u>57,254,989</u>	<u>71,073,643</u>

4 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	157,188	127,838
Impairment of owned tangible fixed assets	-	73,869
Loss/(profit) on disposal of tangible fixed assets	6,643	(571)
Cost of stocks recognised as an expense	2,066,366	2,481,277
Operating lease charges	<u>461,740</u>	<u>526,581</u>

The company uses common facilities with other group undertakings for which management charges are rendered by the ultimate parent undertaking. Included within those charges are amounts for staff and administrative costs together with audit fees of £20,500 (2016 : £21,500) and fees of £3,000 (2016 : £3,000) for taxation services.

None of the directors received any remuneration for their services direct from the company.

CLESHAR CONTRACT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017 Number	2016 Number
Production	510	724

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	9,815,924	16,529,197
Social security costs	671,536	1,033,468
	<u>10,487,460</u>	<u>17,562,665</u>

6 Interest receivable and similar income

	2017 £	2016 £
Interest income		
Other interest income	1,719	-
Income from fixed asset investments		
Income from shares in group undertakings	-	429,818
Total income	<u>1,719</u>	<u>429,818</u>

7 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	148,000	-
Adjustments in respect of prior periods	-	(152)
Group tax relief	-	86,839
Total current tax	<u>148,000</u>	<u>86,687</u>

CLESHAR CONTRACT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

7 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2017 £	2016 £
Profit before taxation	623,852	724,318
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2016: 20.00%)	124,770	144,864
Tax effect of expenses that are not deductible in determining taxable profit	19,269	25,238
Tax effect of income not taxable in determining taxable profit	-	(85,964)
Permanent capital allowances in excess of depreciation	(4,842)	(3,544)
Depreciation on assets not qualifying for tax allowances	-	13,588
Under/(over) provided in prior years	-	(152)
Timing differences	8,362	(7,343)
Under/ (over) provided in current year	441	-
Taxation charge for the year	148,000	86,687

8 Dividends

	2017 £	2016 £
Interim paid	637,631	340,847

9 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	2017 £	2016 £
In respect of:		
Property, plant and equipment	-	73,869
Recognised in:		
Administrative expenses	-	73,869

CLESHAR CONTRACT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

10 Tangible fixed assets

	Short leasehold land and buildings	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 April 2016	531,448	415,226	284,561	1,231,235
Additions	-	134,387	21,202	155,589
Disposals	-	(19,175)	(46,556)	(65,731)
At 31 March 2017	531,448	530,438	259,207	1,321,093
Depreciation, amortisation and impairment				
At 1 April 2016	436,908	344,622	263,670	1,045,200
Depreciation and amortisation charged in the year	67,943	74,452	14,793	157,188
Eliminated in respect of disposals	-	(6,433)	(46,556)	(52,989)
At 31 March 2017	504,851	412,641	231,907	1,149,399
Carrying amount				
At 31 March 2017	26,597	117,797	27,300	171,694
At 31 March 2016	94,540	70,604	20,891	186,035

11 Fixed asset investments

	Notes	2017 £	2016 £
Investments in subsidiaries	20	1,000	1,000

Movements in fixed asset investments

	Shares in group undertakings £
Cost	
At 1 April 2016 & 31 March 2017	1,000
Carrying amount	
At 31 March 2017	1,000
At 31 March 2016	1,000

CLESHAR CONTRACT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

12 Stocks

	2017 £	2016 £
Consumable materials	62,218	92,776

13 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	5,710,314	2,839,394
Gross amounts due from contract customers	2,553,731	9,603,459
Corporation tax recoverable	-	712
Other debtors	87,637	182,576
Prepayments	241,949	175,739
	8,593,631	12,801,880

14 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	2,671,600	2,230,268
Amounts due to group undertakings	2,627,937	3,691,507
Other taxation and social security	472,557	513,686
Other creditors	1,008	2,137
Accruals and deferred income	5,157,334	8,480,294
	10,930,436	14,917,892

15 Called up share capital

	2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
126,000 Ordinary shares of £1 each	126,000	126,000

All the shares rank pari passu in all respects.

16 Financial commitments, guarantees and contingent liabilities

There is a composite accounting system overdraft facility between the companies of the CCS Group Plc group and Barclays Bank Plc whereby amounts due to and from Barclays Bank PLC can be offset, both in terms of capital and interest calculation. At 31 March 2017 £749,378 could be called under this arrangement (2016: nil).

CLESHAR CONTRACT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

17 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017 £	2016 £
Within one year	110,000	27,000
Between two and five years	157,975	182,456
In over five years	81,000	81,000
	<u>348,975</u>	<u>290,456</u>

18 Related party transactions

Transactions with related parties

There is a cross guarantee/debenture facility between the companies of the CCS Group Plc group under the terms of which amounts due to Barclays Bank Plc are secured by a fixed and floating charge on the assets of all group companies.

The company has taken advantage of the exemptions available whereby it has not disclosed transactions with the parent company or any wholly owned subsidiary undertakings of the group.

During the year the company entered into the following transactions with related parties:

	Rent		Service charge	
	2017 £	2016 £	2017 £	2016 £
Other related parties	385,687	297,800	67,948	61,466
	<u>385,687</u>	<u>297,800</u>	<u>67,948</u>	<u>61,466</u>

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2017 £	2016 £
Other related parties	15,148	8,358
	<u>15,148</u>	<u>8,358</u>

CLESHAR CONTRACT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

19 Controlling party

The company is a wholly owned subsidiary undertaking of CCS Group Plc, a company registered in England and Wales. The registered office is Heather Park House, North Circular Road, Stonebridge, London, NW10 7NN.

The ultimate controlling parties are Michael P S Horgan, Damian F Tiernan and Simon J V Miesegaes the directors of CCS Group Plc by virtue of their shareholdings in that company.

20 Subsidiaries

Details of the company's subsidiary at 31 March 2017 are as follows:

Name of undertaking	Registered office key	Nature of business	Class of shares held	% Held Direct
Infrastructure Training Services Limited	1	Training provider	Ordinary	100

Registered Office addresses:

1 Heather Park House, North Circular Road, Stonebridge, London, NW10 7NN

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss) £	Capital and Reserves £
Infrastructure Training Services Limited	8,012	26,904

The investment in subsidiary is stated at cost.