

COMPANY REGISTRATION NUMBER: 02814031

Gelder Limited
Financial Statements
For the period ended
30 September 2015

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Gelder Limited
Financial Statements
Period from 1 January 2015 to 30 September 2015

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Gelder Limited

Officers and Professional Advisers

The board of directors	S P Gelder MBE D A Gladwin
Company secretary	A J M Fullwood
Registered office	Tillbridge Lane Sturton by Stow Lincoln LN1 2 BP
Auditor	Streets Audit LLP Chartered Accountants & statutory auditor Tower House Lucy Tower Street Lincoln LN1 1XW
Bankers	National Westminster Bank Plc Lincoln Corporate Business Centre 3rd Floor General Buildings Brayford Wharf East Lincoln LN5 7DS

Gelder Limited

Strategic Report

Period from 1 January 2015 to 30 September 2015

The Directors have pleasure in presenting their report and the consolidated financial statements of Gelder Limited for the 9 months to September 2015.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principle activities of Gelder Ltd are those of tendered contracts, design and build, repair and renovation and maintenance works.

Despite being one of the Midlands most respected and trusted construction brands, Gelder Ltd has not been immune to the considerable challenges faced by the building industry during recent times. In order to tackle these challenges head-on, the company introduced its new 3 year Vision which was launched by HRH the Princess Royal at the end of 2014. The Vision sparked a new way of working, and 2015 was seen as the year of major change and reorganisation for Gelder Ltd.

Whilst an expensive re-structure was planned, the company, like many in the sector, was also hit by a sharp slowdown in new orders on the run up to the general election at precisely the time that insurance building instructions dropped to approximately 50% of their 10 year average.

Turnover for the 9 months totalled £23.3m, split between our Major Contracts, Insurance and Maintenance Divisions 50%, 35% and 15% respectively. The Maintenance Division performed well, though this was offset by low 1st quarter sales in our Major Contracts Division. We also saw a less than satisfactory performance by our Insurance Division which mainly related to two regional offices at Kettering and Kings Lynn, which were closed down during the year.

It is disappointing to report that overall the operations made a £1.5m loss for the 9 months to September 2015. However, £1m of this is attributable to the discontinued operations and the company restructure which included the cost of closing two regional offices, making 82 members of staff redundant and general inefficiencies through staff being engaged in cost-cutting exercises and business restructure plans.

Although the company has never seen such a poor performance, the changes that have taken place during the 9 months were necessary to better position Gelder Ltd for the future and help sustain a competitive advantage over our industry rivals.

The reorganisation of the company has been a great success, with significant improvements in cash flow, customer satisfaction scores, order book, sales and more importantly profits. For the 6 months to March 2016 Profit before Tax is in excess of £1.2m.

The Directors recognise that the main reason for the successful change and reorganisation of the business is attributable to the continued commitment, loyalty, support and enthusiasm of its staff. We would like to take this opportunity of thanking all of them for their contributions in steering the company through this year of change.

PRINCIPAL RISKS AND UNCERTAINTIES

We have taken many steps to mitigate the main risks and uncertainties that face the business. We are constantly developing new relationships to counteract any reduction in orders from existing clients. We have also introduced new payment facilities to assist our cash flow requirements.

Indeed the upcoming referendum on 23rd June to decide if the UK will stay or leave the European Union will no doubt have an impact on the business. We may see a reduction in public spending that could affect our Major Contracts Division.

Gelder Limited

Strategic Report (*continued*)

Period from 1 January 2015 to 30 September 2015

The diversity of the company and the Group will protect us against business and operational risk and we look forward to the many challenges that lie ahead.

FORWARD BUSINESS VIEW

Both the Major Contracts and Maintenance Division have ended the year and entered 2016 with strong order books. Our Insurance Division has seen improved margins now that its focus is on the three main branches at Lincoln, Barlborough and Birmingham. There has also been a major surge in activity for the Insurance Division following the December floods in Cumbria and North Yorkshire.

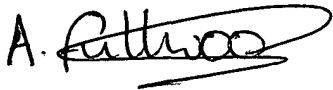
The Directors have continued to monitor key performance indicators and performance against approved plans. Main indicators include customer satisfaction levels, the number of orders received and approval rates, service levels, turnover by division and branch, gross profit margins, cash receipts, vehicle movements, critical expense monitoring, and budget performance.

The outcome of Vision 2017 is a keen focus on improved business performance which will drive further cost reduction and efficiency gains going forward, although these will be nothing like the dramatic cost reductions seen in 2015. The business has continued to expand its client base and work more closely with our current business partners

The Directors have ensured that the Balance Sheet of the business is sufficient to support the activity levels of the company.

Copies of our 2017 Vision are available upon request.

This report was approved by the board of directors on 17 June 2016 and signed on behalf of the board by:



A J M FULLWOOD
Company Secretary

Registered office:
Tillbridge Lane
Sturton by Stow
Lincoln
LN1 2 BP

Gelder Limited

Directors' Report

Period from 1 January 2015 to 30 September 2015

The directors present their report and the financial statements of the group for the period ended 30 September 2015.

Directors

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

S P GELDER MBE

D A GLADWIN

R G Cunliffe

(Retired 10 July 2015)

Dividends

Particulars of recommended dividends are detailed in note 12 to the financial statements.

Employment of disabled persons

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where the existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate. The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where the existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

During the period, the policy of providing employees with information about the company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employee to allow the free flow of information and ideas. Employees participate directly in the success of the business through the company's profit sharing schemes. In 2012, the company was re-awarded the Gold Standard for Investors in People, for its commitment to the wellbeing of its staff.

Disclosure of information in the strategic report

Information required by schedule 7 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 has been included in the Strategic Report.

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 period. 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 group and the company and the profit or loss of the group for that period.

Gelder Limited

Directors' Report *(continued)*

Period from 1 January 2015 to 30 September 2015

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.

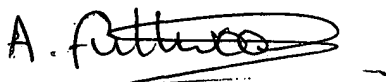
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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.

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 group and 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 group and the company's auditor is aware of that information.

This report was approved by the board of directors on 17 June 2016 and signed on behalf of the board by:



A J M FULLWOOD
Company Secretary

Registered office:
Tillbridge Lane
Sturton by Stow
Lincoln
LN1 2 BP

Gelder Limited

Independent Auditor's Report to the Shareholders of Gelder Limited

Period from 1 January 2015 to 30 September 2015

We have audited the financial statements of Gelder Limited for the period ended 30 September 2015 which comprise the consolidated income statement, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent 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 group's and of the parent company's affairs as at 30 September 2015 and of the group's loss for the period 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.

Gelder Limited

Independent Auditor's Report to the Shareholders of Gelder Limited (*continued*)

Period from 1 January 2015 to 30 September 2015

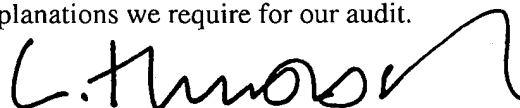
Opinion on other matter prescribed by the Companies Act 2006

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

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



CHRISTOPHER HUBBARD (Senior Statutory Auditor)

For and on behalf of
Streets Audit LLP
Chartered Accountants & statutory auditor

Tower House
Lucy Tower Street
Lincoln
LN1 1XW

17 June 2016

Gelder Limited

Consolidated Income Statement

Period from 1 January 2015 to 30 September 2015

	Note	30 Sep 15			Year to 31 Dec 14		
		Continuing operations £	Discont'd operations £	Total £	Continuing operations £	Discont'd operations £	Total £
Turnover	3	22,237,507	1,022,907	23,260,414	34,449,011	2,870,921	37,319,932
Cost of sales		19,881,271	1,221,393	21,102,664	29,258,994	2,823,285	32,082,279
Gross profit		2,356,236	(198,486)	2,157,750	5,190,017	47,636	5,237,653
Administrative expenses		3,000,680	884,390	3,885,070	4,510,361	397,168	4,907,529
Operating (loss)/profit	4	(644,444)	(1,082,876)	(1,727,320)	679,656	(349,532)	330,124
Income from interests in associates	8	(36,342)	–	(36,342)	(83,863)	–	(83,863)
Interest receivable		–	–	–	10	–	10
Interest payable	9	26,901	–	26,901	20,297	–	20,297
(Loss)/profit on ordinary activities before taxation		(707,687)	(1,082,876)	(1,790,563)	575,506	(349,532)	225,974
Taxation on ordinary activities	10	(287,445)	–	(287,445)	(29,547)	–	(29,547)
(Loss)/profit for the financial period		<u>(420,242)</u>	<u>(1,082,876)</u>	<u>(1,503,118)</u>	<u>605,053</u>	<u>(349,532)</u>	<u>255,521</u>

The group has no other recognised items of income and expenses other than the results for the period as set out above.

The notes on pages 14 to 25 form part of these financial statements.

Gelder Limited

Consolidated Statement of Financial Position

30 September 2015

	Note	30 Sep 15 £	31 Dec 14 £
Fixed assets			
Tangible assets	13	1,046,728	1,367,050
Current assets			
Stocks	15	1,819,776	3,258,904
Debtors	16	7,623,252	7,391,055
Cash at bank and in hand	17	3,169	1,475,119
		<u>9,446,197</u>	<u>12,125,078</u>
Creditors: amounts falling due within one year	18	<u>8,105,802</u>	<u>9,244,352</u>
Net current assets		<u>1,340,395</u>	<u>2,880,726</u>
Total assets less current liabilities		<u>2,387,123</u>	<u>4,247,776</u>
Creditors: amounts falling due after more than one year	19	<u>204,821</u>	<u>262,356</u>
Net assets		<u>2,182,302</u>	<u>3,985,420</u>
Capital and reserves			
Called up share capital	23	5,000	5,000
Share premium account	24	122,506	122,506
Capital redemption reserve	24	250	250
Profit and loss account	24	<u>2,054,546</u>	<u>3,857,664</u>
Shareholders funds		<u>2,182,302</u>	<u>3,985,420</u>

These financial statements were approved by the board of directors and authorised for issue on 17 June 2016, and are signed on behalf of the board by:



S P GELDER MBE
Director

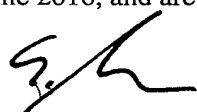
Company registration number: 02814031

The notes on pages 14 to 25 form part of these financial statements.

Gelder Limited
Company Statement of Financial Position
30 September 2015

	Note	30 Sep 15 £	31 Dec 14 £
Fixed assets			
Tangible assets	13	1,046,728	1,367,050
Current assets			
Stocks	15	1,819,776	3,258,904
Debtors	16	7,623,252	6,997,380
Cash at bank and in hand	17	3,169	1,475,119
		<u>9,446,197</u>	<u>11,731,403</u>
Creditors: amounts falling due within one year	18	<u>8,105,802</u>	<u>9,249,657</u>
Net current assets		<u>1,340,395</u>	<u>2,481,746</u>
Total assets less current liabilities		<u>2,387,123</u>	<u>3,848,796</u>
Creditors: amounts falling due after more than one year	19	204,821	262,356
Provisions			
Taxation including deferred tax	30	—	20
Net assets		<u>2,182,302</u>	<u>3,586,420</u>
Capital and reserves			
Called up share capital	23	5,000	5,000
Share premium account	24	122,506	122,506
Capital redemption reserve	24	250	250
Profit and loss account	24	2,054,546	3,458,664
Shareholders funds		<u>2,182,302</u>	<u>3,586,420</u>

These financial statements were approved by the board of directors and authorised for issue on 17 June 2016, and are signed on behalf of the board by:



S P GELDER MBE
Director

Company registration number: 02814031

The notes on pages 14 to 25 form part of these financial statements.

Gelder Limited

Consolidated Statement of Changes in Equity

Period from 1 January 2015 to 30 September 2015

	Called up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 January 2014	5,000	122,506	250	3,782,143	3,909,899
Profit for the period	—	—	—	255,521	255,521
Total comprehensive income for the period	—	—	—	255,521	255,521
Dividends paid and payable 12	—	—	—	(180,000)	(180,000)
Total investments by and distributions to owners	—	—	—	(180,000)	(180,000)
At 31 December 2014	5,000	122,506	250	3,857,664	3,985,420
Loss for the period	—	—	—	(1,503,118)	(1,503,118)
Total comprehensive income for the period	—	—	—	(1,503,118)	(1,503,118)
Dividends paid and payable 12	—	—	—	(300,000)	(300,000)
Total investments by and distributions to owners	—	—	—	(300,000)	(300,000)
At 30 September 2015	<u>5,000</u>	<u>122,506</u>	<u>250</u>	<u>2,054,546</u>	<u>2,182,302</u>

The notes on pages 14 to 25 form part of these financial statements.

Gelder Limited

Company Statement of Changes in Equity

Period from 1 January 2015 to 30 September 2015

	Called up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 January 2014	5,000	122,506	250	3,383,143	3,510,899
Profit for the period	—	—	—	255,521	255,521
Total comprehensive income for the period	—	—	—	255,521	255,521
Dividends paid and payable 12	—	—	—	(180,000)	(180,000)
Total investments by and distributions to owners	—	—	—	(180,000)	(180,000)
At 31 December 2014	5,000	122,506	250	3,458,664	3,586,420
Loss for the period	—	—	—	(1,104,118)	(1,104,118)
Total comprehensive income for the period	—	—	—	(1,104,118)	(1,104,118)
Dividends paid and payable 12	—	—	—	(300,000)	(300,000)
Total investments by and distributions to owners	—	—	—	(300,000)	(300,000)
At 30 September 2015	<u>5,000</u>	<u>122,506</u>	<u>250</u>	<u>2,054,546</u>	<u>2,182,302</u>

The notes on pages 14 to 25 form part of these financial statements.

Gelder Limited

Consolidated Statement of Cash Flows

Period from 1 January 2015 to 30 September 2015

	Note	30 Sep 15 £	31 Dec 14 £
Cash flows from operating activities			
(Loss)/profit for the financial period		(1,503,118)	255,521
<i>Adjustments for:</i>			
Depreciation of tangible assets		269,121	339,892
Income from interests in associates		36,342	83,863
Interest receivable		–	(10)
Interest payable		26,901	20,297
Gains on disposal of tangible assets		(38,204)	(73,506)
Taxation on ordinary activities		(287,445)	(29,547)
Accrued income		(5,566)	(35,578)
Deferred tax adjustment to debtors		287,445	19,895
<i>Changes in:</i>			
Stocks		1,439,128	(2,016,226)
Trade and other debtors		(232,197)	(254,371)
Trade and other creditors		(583,373)	121,519
Cash generated from operations		(590,966)	(1,568,251)
Interest paid		(26,901)	(20,297)
Interest received		–	10
Tax paid		–	(1,944)
Net cash used in operating activities		(617,867)	(1,590,482)
Cash flows from investing activities			
Purchase of tangible assets		(436,149)	(889,174)
Proceeds from sale of tangible assets		525,554	182,692
Dividends received		(36,342)	(83,863)
Net cash from/(used in) investing activities		53,063	(790,345)
Cash flows from financing activities			
Proceeds from loans from group undertakings		–	42,713
Payments of finance lease liabilities		(11,222)	162,571
Dividends paid		(300,000)	(180,000)
Net cash (used in)/from financing activities		(311,222)	25,284
Net decrease in cash and cash equivalents		(876,026)	(2,355,543)
Cash and cash equivalents at beginning of period		401,856	2,757,399
Cash and cash equivalents at end of period	17	(474,170)	401,856

The notes on pages 14 to 25 form part of these financial statements.

Gelder Limited

Notes to the Financial Statements

Period from 1 January 2015 to 30 September 2015

1. Statement of compliance

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

2. Accounting policies

Basis of preparation

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

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

The financial statements are presented for a period shorter than one year. The reporting period has been changed to give a clearer representation of the activity of the group to the users of the financial statements.

Due to the differing lengths of the periods covered by the current and previous financial statements the comparative amounts are not entirely comparable.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1 January 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 28.

Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

Gelder Limited

Notes to the Financial Statements (*continued*)

Period from 1 January 2015 to 30 September 2015

2. Accounting policies (*continued*)

Consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies.

Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively.

As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Revenue recognition

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

In respect of long term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long term contracts and contracts for on-going services is recognised by reference to the stage of completion.

Exceptional items

Exceptional items are disclosed separately in the financial statements in order to provide further understanding of the financial performance of the entity. They are material items of income or expense that have been shown separately because of their nature or amount.

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 material 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.

Gelder Limited

Notes to the Financial Statements (*continued*)

Period from 1 January 2015 to 30 September 2015

2. 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.

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:

Plant & Machinery	-	14% - 33% Straight line
Fixtures & Fittings	-	20% - 33% Straight line
Motor Vehicles	-	25% straight line

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.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Gelder Limited

Notes to the Financial Statements (*continued*)

Period from 1 January 2015 to 30 September 2015

2. Accounting policies (*continued*)

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

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.

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.

Trade and other debtors

Trade and other debtors are recognised and carried forward at invoice amounts less provisions for any doubtful debts. Bad debts are written off when identified.

Cash and cash equivalents

Cash and cash equivalents are included in the balance sheet at cost. Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

Interest-bearing loans and borrowings

All loans and borrowings are recognised initially at cost, which is the fair value of the consideration received, net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective method. Gains or losses are recognised in the profit and loss accounts when liabilities are derecognised or impaired, as well as through the amortisation process.

Gelder Limited

Notes to the Financial Statements (*continued*)

Period from 1 January 2015 to 30 September 2015

2. Accounting policies (*continued*)

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal levels of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

3. Turnover

Turnover arises from:

	Period from 1 Jan 15 to 30 Sep 15 £	Year to 31 Dec 14 £
Tendered contracts, design & build, repair & renovation & maintenance works.	<u>23,260,414</u>	<u>37,319,932</u>

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

4. Operating profit

Operating profit or loss is stated after charging:

	Period from 1 Jan 15 to 30 Sep 15 £	Year to 31 Dec 14 £
Depreciation of tangible assets	269,121	339,892
Gains on disposal of tangible assets	(38,204)	(73,506)
Defined contribution plans expense	<u>38,173</u>	<u>49,899</u>

5. Auditor's remuneration

	Period from 1 Jan 15 to 30 Sep 15 £	Year to 31 Dec 14 £
Fees payable to the company's auditor and its associates for other services:		
Audit-related assurance services	10,000	10,000
Other non-audit services	<u>27,653</u>	<u>23,805</u>
	<u>37,653</u>	<u>33,805</u>

Gelder Limited

Notes to the Financial Statements (*continued*)

Period from 1 January 2015 to 30 September 2015

6. Particulars of employees

The average number of persons employed by the group during the period, including the directors, amounted to:

	30 Sep 15 No.	31 Dec 14 No.
Production staff	110	163
Administrative staff	81	79
	<u>191</u>	<u>242</u>

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

	Period from 1 Jan 15 to 30 Sep 15 £	Year to 31 Dec 14 £
Wages and salaries	4,957,034	6,562,057
Social security costs	458,076	605,007
Other pension costs	38,173	49,899
	<u>5,453,283</u>	<u>7,216,963</u>

7. Exceptional items

	Period from 1 Jan 15 to 30 Sep 15 £	Year to 31 Dec 14 £
Exceptional amounts written off current assets	<u>344,929</u>	<u>—</u>

Exceptional items relate to the write-off of group balances associated with fellow subsidiaries of Gelder Group Holdings Limited that ceased trading during the period. This balance is included within administrative expenses.

8. Income from interests in associates

	Period from 1 Jan 15 to 30 Sep 15 £	Year to 31 Dec 14 £
Income from interests in associates	<u>(36,342)</u>	<u>(83,863)</u>

Gelder Limited

Notes to the Financial Statements (*continued*)

Period from 1 January 2015 to 30 September 2015

9. Interest payable

	Period from 1 Jan 15 to 30 Sep 15 £	Year to 31 Dec 14 £
Interest on banks loans and overdrafts	–	202
Interest on obligations under finance leases and hire purchase contracts	<u>26,901</u>	<u>20,095</u>
	<u>26,901</u>	<u>20,297</u>

10. Taxation on ordinary activities

Major components of tax income

	Period from 1 Jan 15 to 30 Sep 15 £	Year to 31 Dec 14 £
Current tax:		
Adjustments in respect of prior periods	–	1,944
Deferred tax:		
Origination and reversal of timing differences	<u>(287,445)</u>	<u>(31,491)</u>
Taxation on ordinary activities	<u>(287,445)</u>	<u>(29,547)</u>

Reconciliation of tax income

The tax assessed on the loss on ordinary activities for the period is higher than (2014: lower than) the standard rate of corporation tax in the UK of 20% (2014: 23%).

	Period from 1 Jan 15 to 30 Sep 15 £	Year to 31 Dec 14 £
(Loss)/profit on ordinary activities before taxation	<u>(1,790,563)</u>	<u>225,974</u>
(Loss)/profit on ordinary activities by rate of tax	<u>(358,113)</u>	<u>51,974</u>
Effect of expenses not deductible for tax purposes	–	(51,965)
Adjustments in respect of prior periods	–	1,944
Utilisation of tax losses	<u>70,668</u>	<u>(31,500)</u>
Tax on (loss)/profit on ordinary activities	<u>(287,445)</u>	<u>(29,547)</u>

11. Loss for the period of the parent company

The loss for the financial period of the parent company was £1,104,118 (Dec 2014: £255,521 profit).

Gelder Limited

Notes to the Financial Statements (*continued*)

Period from 1 January 2015 to 30 September 2015

12. Dividends

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

	30 Sep 15 £	31 Dec 14 £
Equity dividends on ordinary shares	<u>300,000</u>	<u>180,000</u>

13. Tangible assets

Group and company	Plant and Fixtures and machinery £	fittings £	Motor vehicles £	Total £
Cost				
At 1 January 2015	1,018,576	652,019	2,260,831	3,931,426
Additions	13,324	49,988	372,837	436,149
Disposals	(57,600)	(754)	(1,169,783)	(1,228,137)
At 30 September 2015	<u>974,300</u>	<u>701,253</u>	<u>1,463,885</u>	<u>3,139,438</u>
Depreciation				
At 1 January 2015	768,041	510,220	1,286,115	2,564,376
Charge for the period	56,893	57,167	155,061	269,121
Disposals	(19,650)	(182)	(720,955)	(740,787)
At 30 September 2015	<u>805,284</u>	<u>567,205</u>	<u>720,221</u>	<u>2,092,710</u>
Carrying amount				
At 30 September 2015	<u>169,016</u>	<u>134,048</u>	<u>743,664</u>	<u>1,046,728</u>
At 31 December 2014	<u>250,535</u>	<u>141,799</u>	<u>974,716</u>	<u>1,367,050</u>

The net carrying amount of assets held under finance leases included in the net book value above is £798,565 (Dec 2014 - £943,241).

14. Investments

The company has a 99% controlling interest in four Limited Liability Partnerships, Gainsborough Home Improvements (Lincoln) LLP, Greentech Management Services LLP, Century Plumbing, Heating, Mechanical and Electrical (Lincoln) LLP and Redline Building Supplies and Services (Lincoln) LLP which operate in related fields.

The company has a 33.33% interest in a further Limited Liability Partnership, Tillbridge Developments LLP who operate in a related field.

Gelder Limited

Notes to the Financial Statements (*continued*)

Period from 1 January 2015 to 30 September 2015

15. Stocks

	Group		Company	
	30 Sep 15	31 Dec 14	30 Sep 15	31 Dec 14
	£	£	£	£
Raw materials	–	4,750	–	4,750
Work in progress	1,804,776	3,169,154	1,804,776	3,169,154
Finished goods	15,000	85,000	15,000	85,000
	<u>1,819,776</u>	<u>3,258,904</u>	<u>1,819,776</u>	<u>3,258,904</u>

16. Debtors

	Group		Company	
	30 Sep 15	31 Dec 14	30 Sep 15	31 Dec 14
	£	£	£	£
Trade debtors	4,808,743	4,141,233	4,808,743	4,141,233
Amounts owed by group undertakings	1,381,306	1,932,984	1,381,306	1,575,651
Amounts owed by undertakings in which the company has a participating interest	305,964	307,541	305,964	271,199
Deferred tax asset	307,340	19,895	307,340	19,895
Prepayments and accrued income	48,449	146,604	48,449	146,604
Other debtors	771,450	842,798	771,450	842,798
	<u>7,623,252</u>	<u>7,391,055</u>	<u>7,623,252</u>	<u>6,997,380</u>

Trade debtors are stated after provisions for impairment of £219,931 (Dec 2014 - £125,561).

Other debtors includes retentions on contracts of £771,450 (Dec 2014 - £842,798).

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

17. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	30 Sep 15	31 Dec 14
	£	£
Cash at bank and in hand	3,169	1,475,119
Bank overdrafts	(477,339)	(1,073,263)
	<u>(474,170)</u>	<u>401,856</u>

Gelder Limited

Notes to the Financial Statements (*continued*)

Period from 1 January 2015 to 30 September 2015

18. Creditors: amounts falling due within one year

	Group		Company	
	30 Sep 15	31 Dec 14	30 Sep 15	31 Dec 14
	£	£	£	£
Bank loans and overdrafts	477,339	1,073,263	477,339	1,073,263
Trade creditors	6,311,815	6,821,739	6,311,815	6,821,739
Accruals and deferred income	22,100	27,666	22,100	27,666
Corporation tax	—	—	—	5,305
Social security and other taxes	704,526	718,948	704,526	718,948
Obligations under finance leases and hire purchase contracts	298,442	252,129	298,442	252,129
Other creditors	291,580	350,607	291,580	350,607
	<u>8,105,802</u>	<u>9,244,352</u>	<u>8,105,802</u>	<u>9,249,657</u>

Bank loans and overdrafts are secured by a charge over the assets held by the company. Hire purchase agreements are secured over the assets concerned.

Amounts owed to group undertakings are unsecured, interest free have no fixed date of repayment and are repayable on demand.

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

	Group		Company	
	30 Sep 15	31 Dec 14	30 Sep 15	31 Dec 14
	£	£	£	£
Obligations under finance leases and hire purchase contracts	<u>204,821</u>	<u>262,356</u>	<u>204,821</u>	<u>262,356</u>

Hire purchase agreements are secured over the assets concerned.

20. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	Group		Company	
	30 Sep 15	31 Dec 14	30 Sep 15	31 Dec 14
	£	£	£	£
Not later than 1 year	298,442	252,129	298,442	252,129
Later than 1 year and not later than 5 years	<u>204,821</u>	<u>262,356</u>	<u>204,821</u>	<u>262,356</u>
	<u>503,263</u>	<u>514,485</u>	<u>503,263</u>	<u>514,485</u>

Gelder Limited

Notes to the Financial Statements (*continued*)

Period from 1 January 2015 to 30 September 2015

21. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	Group		Company	
	30 Sep 15	31 Dec 14	30 Sep 15	31 Dec 14
	£	£	£	£
Included in debtors (note 16)	307,340	19,895	307,340	19,895
Included in provisions	—	—	—	(20)
	<u>307,340</u>	<u>19,895</u>	<u>307,340</u>	<u>19,875</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	Group		Company	
	30 Sep 15	31 Dec 14	30 Sep 15	31 Dec 14
	£	£	£	£
Accelerated capital allowances	<u>307,340</u>	<u>19,895</u>	<u>307,340</u>	<u>19,875</u>

22. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £38,173 (Dec 2014: £49,899).

23. Called up share capital

Issued, called up and fully paid

	30 Sep 15		31 Dec 14	
	No.	£	No.	£
Ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>

24. Reserves

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Capital redemption reserve - This reserve records the nominal value of shares repurchased by the company.

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

25. Discontinued operations

As part of the group's strategy to concentrate resources on profitable activities it was decided to discontinue the activities of the Kings Lynn and Kettering divisions.

Gelder Limited

Notes to the Financial Statements (*continued*)

Period from 1 January 2015 to 30 September 2015

26. Related party transactions

Group

The Gelder Limited group was a 100% subsidiary of Gelder Group Holdings Limited during the current and previous year. Accordingly, the company has taken advantage of the exemption in Financial Reporting Standard 102 from disclosing transactions with members or investees of the group. No further transactions with related parties arose, such as those required to be disclosed under Financial Reporting Standard 102.

Company

The company was a 100% subsidiary of Gelder Group Holdings Limited during the current and previous year. Accordingly, the company has taken advantage of the exemption in Financial Reporting Standard 102 from disclosing transactions with members or investees of the group. No further transactions with related parties arose, such as those required to be disclosed under Financial Reporting Standard 102.

27. Controlling party

The ultimate parent company is Gelder Group Holdings Limited, a company registered in England and Wales, number 07458632.

The ultimate controlling party is S P Gelder MBE as he is the majority shareholder of the ultimate parent company.

28. Transition to FRS 102

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

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