

Company Registration No. 03864842 (England and Wales)

ARK BUILD PLC
ANNUAL REPORT
FOR THE YEAR ENDED 31 OCTOBER 2015

ARK BUILD PLC

COMPANY INFORMATION

Directors	Clive Cole M J Finlay A Stanton K D Robinson Clifford Nay (Appointed 1 September 2015)
Secretary	Andrew Montlake
Company number	03864842
Registered office	Unit 12 Loughton Business Centre Langston Road Loughton Essex England IG10 3FL
Auditors	HJS Accountants Limited Chartered Accountants and Statutory Auditors 12 -14 Carlton Place Southampton Hampshire England SO15 2EA
Solicitors	H Montlake and Co 197 High Road Ilford Essex IG1 1LX

ARK BUILD PLC

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditors' report	5 - 6
Profit and loss account	7
Balance sheet	8
Cash flow statement	9
Notes to the cash flow statement	10
Notes to the financial statements	11 - 18

ARK BUILD PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 OCTOBER 2015

The directors present the strategic report and financial statements for the year ended 31 October 2015.

Review of the business

Fair review of the business

We are pleased to report another profitable trading year albeit net profits have not increased in line with turnover, this is mainly due to the considerable capital investment the company has made to grow its design & build and new build sectors. We very much see the small scheme new build social housing sector as a large growth area for our business and building off the solid schemes delivered in the last financial year do not see why this should not continue to be the case for the foreseeable future.

In line with our agreed strategy, we have continued our relationship with our existing clients and it is very pleasing to see the repeat business increase year on year. We are also extending our client base and this has been key to providing additional opportunities for tendering and securing work. We will maintain this strategy which we believe will be instrumental in maintaining the growth of the company.

Principal activity

The principal activity of the company continued to be that of Construction Contractors.

Principle Risks and Uncertainties

Economic market

We have noticed a considerable uplift in the UK construction market over the last 12 months which has led to greater opportunities and enabled the company to grow. Our risks and uncertainties are much harder to gauge and close monitoring of price fluctuations are required to maintain our commercial edge. Tendering is still subject to highly competitive pricing but we continue to look for efficiencies to keep us ahead of competition. This is underpinned by an ethos to win repeat business and partnering with existing and new clients at every opportunity which we continue to do.

Financially insecure clients

Our client base is made up of a number of Blue Chip companies and Government bodies with excellent covenants. This minimises our financial risk in the critical period between execution of work and payment.

Control Procedures

We have a robust procurement process in place to ensure vigilance when choosing our suppliers and sub-contractors in order to maintain competitiveness and quality. We routinely monitor the financial wherewithal and quality performance of our sub-contractors and suppliers to marginalise our risk and maintain the quality and delivery expected of us by our exacting clients. This also enables us to forecast with greater accuracy and adjudicate against tenders and future contracts.

Company Governance

Risks are a constant agenda item and are formally and regularly reviewed by the Board with appropriate processes in place to monitor and mitigate them.

Key Performance Indicators

Our turnover for 2015 was £11,393,165 showing an increase over 2014 £1,417,824 (approximately 14%). We have continued this efficiency into 2016 and our aim is to produce excellent quality work first time which we anticipate will maintain our profitability.

ARK BUILD PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2015

On behalf of the board

M J Finlay

Director

2 March 2016

ARK BUILD PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2015

Results and dividends

The results for the year are set out on page 7.

The directors do not recommend payment of an ordinary dividend.

Future developments

We go into 2016, again with a strong order book, which gives us confidence that we will continue to grow and develop the business in line with targets.

Our primary strategy remains to build relationships with existing and prospective clients and secure repeat work therefore maximising profitability.

We will maintain the financial strength of the business by retaining a healthy cash position which will give us the flexibility to pursue exceptional business opportunities as they arise.

We will also actively engage in the promotion of our brand through premium service delivery and strategic advertising with a new exciting website.

With an improving market we are receiving the highest level of enquiries and look forward to the next twelve months with confidence.

Directors

The following directors have held office since 1 November 2014:

Clive Cole

M J Finlay

A Stanton

K D Robinson

Clifford Nay

(Appointed 1 September 2015)

Auditors

The auditors, HJS Accountants Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ARK BUILD PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2015

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors 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 auditors are aware of that information.

Disclosure in the Strategic Report

In accordance with s414C(11) of the Companies Act 2006, the company has prepared a strategic report for the year ended 31 October 2015. This includes a review of business and future developments of the company.

On behalf of the board

M J Finlay

Director

2 March 2016

ARK BUILD PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARK BUILD PLC

We have audited the financial statements of Ark Build plc for the year ended 31 October 2015 set out on pages 7 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 - 4, 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 October 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

ARK BUILD PLC

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF ARK BUILD PLC

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Angela Trainor (Senior Statutory Auditor)
for and on behalf of HJS Accountants Limited

4 March 2016

Chartered Accountants and Statutory Auditors
12 -14 Carlton Place
Southampton
Hampshire
England
SO15 2EA

ARK BUILD PLC

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 OCTOBER 2015

	Notes	2015 £	2014 £
Turnover	2	11,393,165	9,975,341
Cost of sales		(8,965,681)	(7,471,578)
Gross profit		2,427,484	2,503,763
Distribution costs		(158,762)	(107,004)
Administrative expenses		(1,978,118)	(1,797,806)
Operating profit	3	290,604	598,953
Other interest receivable and similar income	4	12,473	28,394
Profit on ordinary activities before taxation		303,077	627,347
Tax on profit on ordinary activities	5	(88,917)	(171,375)
Profit for the year	12	214,160	455,972

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

There are no recognised gains and losses other than those passing through the profit and loss account.

ARK BUILD PLC

BALANCE SHEET

AS AT 31 OCTOBER 2015

	Notes	2015 £	2014 £
Fixed assets			
Tangible assets	6	163,139	143,009
Current assets			
Debtors: amounts falling due within one year	7	2,830,894	2,341,640
Debtors: amounts falling due after more than one year	7	-	372,715
Cash at bank and in hand		1,318,732	2,003,298
		4,149,626	4,717,653
Creditors: amounts falling due within one year	8	(1,229,174)	(1,985,228)
Net current assets		2,920,452	2,732,425
Total assets less current liabilities		3,083,591	2,875,434
Provisions for liabilities	9	-	(6,003)
		3,083,591	2,869,431
Capital and reserves			
Called up share capital	11	50,000	50,000
Profit and loss account	12	3,033,591	2,819,431
Shareholders' funds	13	3,083,591	2,869,431

Approved by the Board and authorised for issue on 2 March 2016

M J Finlay
Director

Company Registration No. 03864842

ARK BUILD PLC

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 OCTOBER 2015

	£	2015 £	£	2014 £
Net cash (outflow)/inflow from operating activities		(959,056)		148,425
Returns on investments and servicing of finance				
Interest received	12,473		28,394	
Net cash inflow for returns on investments and servicing of finance		12,473		28,394
Taxation		(176,355)		(160,319)
Capital expenditure				
Payments to acquire tangible assets	(40,608)		(91,591)	
Receipts from sales of tangible assets	4,000		18,800	
Loans issued in the year	-		(181,211)	
Loans repaid in the year	474,980		332,133	
Net cash inflow/(outflow) for capital expenditure		438,372		78,131
Net cash (outflow)/inflow before management of liquid resources and financing		(684,566)		94,631
(Decrease)/increase in cash in the year		(684,566)		94,631

ARK BUILD PLC

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 OCTOBER 2015

1 Reconciliation of operating profit to net cash (outflow)/inflow from operating activities		2015	2014
		£	£
Operating profit		290,604	598,953
Depreciation of tangible assets		98,118	58,266
Profit on disposal of tangible assets		(1,100)	(3,291)
Increase in debtors		(589,747)	(963,609)
(Decrease)/Increase in creditors within one year		(676,391)	458,106
Net cash (outflow)/inflow from operating activities		(878,516)	148,425
2 Analysis of net funds		Cash flow	Other non-cash changes
1 November 2014	£	£	£
Net cash:			
Cash at bank and in hand	2,003,298	(684,566)	-
Bank deposits	-	-	-
Net funds	2,003,298	(684,566)	-
3 Reconciliation of net cash flow to movement in net funds		2015	2014
		£	£
(Decrease)/increase in cash in the year		(684,566)	94,631
Movement in net funds in the year		(684,566)	94,631
Opening net funds		2,003,298	1,908,667
Closing net funds		1,318,732	2,003,298

ARK BUILD PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2015

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover represents net invoiced sales of services, excluding value added tax. Revenue is recognised over the project as completed based on valuations by quantity surveyors on a project by project basis. Where part of the project has been completed but not invoiced this is included in accrued income.

1.4 Tangible fixed assets and depreciation

The company has changed its depreciation policy this year from reducing balance to straight line because the directors feel this will better reflect the useful life of the assets. If the company continued to use reducing balance as their policy then the depreciation charge in the year would be as follows:

	£
Plant and machinery	485
Fixtures, fittings & equipment	11,290
Motor vehicles	53,540

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

Plant and machinery	25% Straight line
Fixtures, fittings & equipment	25% Straight line
Motor vehicles	25% Straight line

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Pensions

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

1.7 Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Deferred tax is not discounted.

ARK BUILD PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2015

2 Turnover

Geographical market

	Turnover	
	2015	2014
	£	£
UK	11,393,165	9,975,341
	<u>11,393,165</u>	<u>9,975,341</u>

An analysis of turnover by geographical market is given above.

3 Operating profit

	2015	2014
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	98,118	58,266
Operating lease rentals	100,993	80,223
Fees payable to the company's auditor for the audit of the company's annual accounts	5,000	4,600
and after crediting:		
Profit on disposal of tangible assets	(1,100)	(3,291)
	<u>(1,100)</u>	<u>(3,291)</u>

4 Investment income

	2015	2014
	£	£
Bank interest	3,694	972
Other interest	8,779	27,422
	<u>12,473</u>	<u>28,394</u>

ARK BUILD PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2015

5	Taxation	2015 £	2014 £
	Domestic current year tax		
	U.K. corporation tax	96,692	176,355
	Total current tax	96,692	176,355
	Deferred tax		
	Origination and reversal of timing differences	(7,775)	(4,980)
		88,917	171,375
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	303,077	627,347
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.35% (2014 - 21.83%)	61,676	136,950
	Effects of:		
	Depreciation	19,967	12,719
	Entertainment	42,383	41,930
	Capital allowances	(27,935)	(14,505)
	Pensions	825	-
	Other adjustments	(224)	(739)
		35,016	39,405
	Current tax charge for the year	96,692	176,355

ARK BUILD PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2015

6 Tangible fixed assets

	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost				
At 1 November 2014	17,000	103,466	352,510	472,976
Additions	-	16,108	105,041	121,149
Disposals	-	-	(24,335)	(24,335)
At 31 October 2015	17,000	119,574	433,216	569,790
Depreciation				
At 1 November 2014	15,062	74,414	240,492	329,968
On disposals	-	-	(21,435)	(21,435)
Charge for the year	1,936	16,853	79,329	98,118
At 31 October 2015	16,998	91,267	298,386	406,651
Net book value				
At 31 October 2015	2	28,307	134,830	163,139
At 31 October 2014	1,939	29,053	112,017	143,009

7 Debtors

	2015 £	2014 £
Trade debtors	1,325,076	788,792
Called up share capital not paid	23,848	23,848
Other debtors	497,641	891,102
Prepayments and accrued income	982,557	1,010,613
Deferred tax asset (see note 9)	1,772	-
	2,830,894	2,714,355

Amounts falling due after more than one year and included in the debtors above are:

	2015 £	2014 £
Other debtors	-	372,715

ARK BUILD PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2015

8	Creditors: amounts falling due within one year	2015 £	2014 £
	Trade creditors	385,067	511,141
	Corporation tax	96,692	176,355
	Other taxes and social security costs	180,294	234,507
	Other creditors	97,312	112,329
	Accruals and deferred income	469,809	950,896
		<u>1,229,174</u>	<u>1,985,228</u>

9 Provisions for liabilities

The deferred tax asset (included in debtors, note 7) is made up as follows:

	2015 £	
Balance at 1 November 2014	6,003	
Profit and loss account	(7,775)	
	<u>(1,772)</u>	
Balance at 31 October 2015		
	2015 £	2014 £
(Decelerated)/accelerated capital allowances	<u>(1,772)</u>	<u>6,003</u>

10 Retirement Benefits

Defined contribution scheme

The company operates a defined contributions scheme in respect of its employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £114,217 (2014: £1,806).

The amount of pension contributions outstanding at the period end amounted to £4,056 (2014: £1,202).

	2015 £	2014 £
Contributions payable by the company for the year	<u>114,217</u>	<u>1,806</u>

ARK BUILD PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2015

11 Share capital	2015	2014
	£	£
Allotted, called up and fully paid		
50,000 Ordinary Shares of £1 each	50,000	50,000

12 Statement of movements on profit and loss account

	Profit and loss account
	£
Balance at 1 November 2014	2,819,431
Profit for the year	214,160
Balance at 31 October 2015	3,033,591

13 Reconciliation of movements in Shareholders' funds

	2015	2014
	£	£
Profit for the financial year	214,160	455,972
Opening Shareholders' funds	2,869,431	2,413,459
Closing Shareholders' funds	3,083,591	2,869,431

14 Contingent liabilities

During the course of the year the company has entered into guarantees with some of their customers totalling £71,290 (2014: £77,604).

15 Financial commitments

At 31 October 2015 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 October 2016:

	Land and buildings	
	2015	2014
	£	£
Operating leases which expire:		
Between two and five years	115,000	60,000

ARK BUILD PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2015

16	Directors' remuneration	2015 £	2014 £
	Remuneration for qualifying services	590,524	537,952
	Company pension contributions to defined contribution schemes	11,717	-
		<u>602,241</u>	<u>537,952</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2014 - 0).

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	187,335	187,249
	<u>187,335</u>	<u>187,249</u>

17 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2015 Number	2014 Number
Trades	76	39
Directors	5	4
	<u>81</u>	<u>43</u>

Employment costs

	2015 £	2014 £
Wages and salaries	3,073,888	1,613,755
Social security costs	304,609	185,097
Other pension costs	114,217	1,806
	<u>3,492,714</u>	<u>1,800,658</u>

18 Control

The controlling party and ultimate controlling party is M Finlay.

ARK BUILD PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2015

19 Related party relationships and transactions

Beachview Corporation Limited

During the year under review the company has traded with Beachview Corporation Limited, a company which M Finlay is a director and holds all of the issued share capital.

During the year the company took out an operating lease with Beachview Corporation Limited totalling £55,000.

The company raised a sales invoice in the year to the value of £280,000 (2014: £177,076).

The company has purchased services to the value of £250,000 (2014: £280,000).

The balance owing at the end of the year to Beachview Corporation Limited is £270,738 (2014: £240,738).

Pension scheme

During the year to 31 October 2013 a further loan was made to the Ark Build Executive Pension Scheme for £500,000. The loan term is ten years and interest is charged at a commercial rate. At 31 October 2015, £nil (2014: £417,909) was due to the company. The loan was repaid in full on 26 June 2015.

Ark MEP Plc

Ark MEP Plc is a company which M Finlay and A Stanton are directors and M Finlay holds all of the share capital.

During the year Ark Build Plc entered into transactions with Ark MEP Plc totalling £1,254,908 (2014: £675,125) for subcontractor services provided by Ark MEP Plc. At the balance sheet date the amount due to Ark MEP Plc is £nil (2014: £24,877).

During the period Ark Build Plc advanced £293,411 (2014: £181,211) to Ark MEP Plc and at the year end the balance owed to Ark Build Plc is £124,140 (2014: £181,211).

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.