

Financial Statements

Ringway Jacobs Limited

For the year ended 31 December 2013

Registered number: 05576465

THURSDAY



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COMPANIES HOUSE

Company Information

Directors	David Lee (resigned 31 December 2013) Leon Power Scott Wardrop William Taylor David Binding Bob Duff Alan Seywright Gregoire Batut Jeffrey Keech (resigned 1 May 2014) Michael Notman (appointed 3 December 2013)
Company secretary	S M Lysionek
Registered number	05576465
Registered office	Albion House Springfield Road Horsham West Sussex RH12 2RW
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Grant Thornton House Melton Street Euston Square London NW1 2EP
Bankers	National Westminster Bank Plc 47 Carfax Street Horsham West Sussex RH12 1YZ

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Directors' report

For the year ended 31 December 2013

The directors present their report and the financial statements for the year ended 31 December 2013.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the 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 judgments 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.

Results and dividends

The profit for the year, after taxation, amounted to £4,868,203 (2012 - £4,398,816).

An interim dividend of £2,000,000 (2012 - £3,000,000) was paid on 29 August 2013. A final dividend of £2,000,000 was paid on 30 December 2013.

Directors

The directors who served during the year were:

David Lee (resigned 31 December 2013)
Leon Power
Scott Wardrop
William Taylor
David Binding
Bob Duff
Alan Seywright
Gregoire Batut
Jeffrey Keech (resigned 1 May 2014)
Michael Notman (appointed 3 December 2013)

Directors' report

For the year ended 31 December 2013

Employee involvement

During the year, 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 employees to allow a free flow of information and ideas.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person. Where 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.

Matters covered in the Strategic report

Information on future developments of the business has been included in the Strategic Report.

Disclosure of information to auditor


Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



Michael Notman
Director

Date:

2/9/14

Strategic report

For the year ended 31 December 2013

Introduction

Ringway Jacobs Limited specialises in the provision of an integrated service for highways management and maintenance and construction and transportation services. The contracts we have operated during the year are:

- London Highways Alliance Contract (commenced 1 April 2013) with call off contracts for:
 - Transport for London (TfL)
 - The London Borough of Haringey
- Transport for Buckinghamshire alliance with Buckinghamshire County Council
- Engineering Services Contract with the London Boroughs of Newham, Tower Hamlets, Hackney and Waltham Forest
- Cheshire East Council Highways Services Contract
- Essex Highways Strategic Transformation Highways Contract
- Integrated services contract with Transport for London (TfL) - Central Area (contract ceased on 31 March 2013)
- Civil Engineering Support (for Traffic Signals) Contract with TfL (contract ceased on 31 March 2013).

Business review

The 2013 results for the company show a pre-tax profit of £6,470,710 (2012: £5,893,428). The company has continued to grow strongly with turnover increasing by 17% due to first full year of the Essex Highways Contract which commenced in April 2012. Through strong project management, tight cost control and holding overheads at a sustainable level, the increased turnover was reflected in the pre-tax profit.

On the 31 March 2013 the TfL Highways Maintenance Contract (Central area) ceased and we commenced the London Highways Alliance Contract- North East Area (LoHAC). The LoHAC contract also incorporated the existing Civil Engineering Support Contract.

The LoHAC contract is a framework contract which enables London Boroughs within the North East Area to enter into call off contracts under the main framework contract.

Principal risks and uncertainties

Financial risk

The company uses various financial instruments which include cash, trade debtors, amounts recoverable on contract, trade creditors and amounts due to group undertakings that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

The main risks arising from the company's financial instruments are interest rate risk, credit risk and liquidity risk.

The directors review and agree policies for managing each of these risks and they are summarised below.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The company's policy throughout the year has been to achieve this objective through management's day-to-day involvement in business decisions rather than through setting maximum or minimum liquidity ratios.

Strategic report (continued)

For the year ended 31 December 2013

Interest rate risk

The company's current borrowing facilities are used to finance capital expenditure. The loan facilities are on a fixed interest basis over the period of the loan.

Credit risk

The company's principal financial assets are cash and trade debtors. The associated credit risk is limited as the company's clients are predominantly public sector entities, which have a strong credit rating supported by short term borrowings from the United Kingdom government.

In order to manage credit risk, the financial controller and directors constantly review the debtors' position and the finance department works to formalised procedures for dealing with customers.

Financial and other key performance indicators

The improved operating result has been reflected in the balance sheet with increased net equity after the payment of dividends.

The Ringway Jacobs Limited board sets financial key performance indicators for the company and monitors performance by reviewing monthly management accounts and quarterly forecasts.

The key financial targets for the company for the year ended 31 December 2013 were set out in the budget adopted by the Board and reflected a growth in turnover and forecast profit before tax. The company either met or exceeded the adopted and revised budgets for the 2013 year.

We measure our business performance against key performance indicators (KPI's). The KPI results shown here are monitored against targets set in the individual contracts, consolidated budgets and business plans. In addition each of our contracts have KPI's related specifically to the contract which are monitored and reviewed on a regular basis with our clients.

Profit Margin

As a key measure of performance for the company and each contract within, operating profit margin was 3.6% (2012: 3.7%). We measure Operating Profit as a percentage of Turnover with a target of Budget or better.

Net Cash

The net cash position of £8.3m (2012: £(0.8)m) is a key financial indicator. Our target is to improve on Budget.

Carbon Reduction

We are committed to deliver all Environmental and Corporate objectives through the Business plan. Carbon reduction is a key objective in each contract and our target is to reduce CO2 emissions year on year. On all contracts that that were in place for 12 months, we measured the annual average tonnes of CO2 per £m turnover 23.12 (2012: 25.91).

Strategic report (continued)

For the year ended 31 December 2013

Future developments

The directors believe that the integrated highway services market will continue to develop in future years and that with a stable financial position and the continued support of its two shareholders, the company will be well placed to continue to grow the business.

Ringway Jacobs Ltd has strong long term contracts with strategic clients. One of the key objectives of the company in 2014 will be to continue to work with our clients on these strategic contracts to ensure we deliver the objectives of the contracts and continue to explore innovative ways to deliver services.

The new LoHAC Contract is a framework contract which is available to London Boroughs in the area. During 2014 we will work with the Boroughs in the North East area to explore opportunities to provide Highway Services in a strategic and innovative way which also demonstrate value for money.

We will continue to look for new opportunities to grow the business over the coming years through new strategic contracts. Through a continued focus on achieving the company's objectives, it is anticipated that the company will continue to derive sustainable profits both in 2014 and in future years.

This report was approved by the board on

2/9/14

and signed on its behalf.



Michael Notman
Director

Independent auditor's report to the members of Ringway Jacobs Limited

We have audited the financial statements of Ringway Jacobs Limited for the year ended 31 December 2013, which comprise the Profit and loss account, the Balance sheet, the Cash flow statement and reconciliation of net cash flow to movement in net funds/debt 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).

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/apb/scope/private.cfm.

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 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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



Independent auditor's report to the members of Ringway Jacobs Limited

Matters on which we are required to report by exception

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

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

Grant Thornton UK LLP
Philip Westerman (Senior Statutory Auditor)
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
London
Date: 2/9/14

Profit and loss account

For the year ended 31 December 2013

	Note	2013 £	2012 £
Turnover	1,2	189,900,810	162,474,695
Cost of sales		<u>(160,925,252)</u>	<u>(136,770,654)</u>
Gross profit		28,975,558	25,704,041
Administrative expenses		<u>(22,187,584)</u>	<u>(19,663,182)</u>
Operating profit	3	6,787,974	6,040,859
Interest receivable and similar income		39,816	36,204
Interest payable and similar charges	7	<u>(357,080)</u>	<u>(183,635)</u>
Profit on ordinary activities before taxation		6,470,710	5,893,428
Tax on profit on ordinary activities	8	<u>(1,602,507)</u>	<u>(1,494,612)</u>
Profit on ordinary activities after taxation		4,868,203	4,398,816
Profit brought forward		5,443,206	4,044,390
Dividends: Equity capital		<u>(4,000,000)</u>	<u>(3,000,000)</u>
Retained profit carried forward		<u>6,311,409</u>	<u>5,443,206</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and loss account.

The notes on pages 11 to 23 form part of these financial statements.

Balance sheet

As at 31 December 2013

	Note	£	2013 £	£	2012 £
Fixed assets					
Tangible assets	9		8,456,925		10,022,775
Current assets					
Stocks	10	580,070		382,847	
Debtors	11	30,621,280		33,638,816	
Cash at bank		14,512,311		5,580,502	
		<u>45,713,661</u>		<u>39,602,165</u>	
Creditors: amounts falling due within one year	12	<u>(42,293,801)</u>		<u>(37,873,528)</u>	
Net current assets			<u>3,419,860</u>		<u>1,728,637</u>
Total assets less current liabilities			<u>11,876,785</u>		<u>11,751,412</u>
Creditors: amounts falling due after more than one year	13		<u>(4,263,250)</u>		<u>(4,394,866)</u>
Provisions for liabilities					
Deferred tax	14	(126,952)		(207,977)	
Other provisions	15	<u>(1,165,174)</u>		<u>(1,695,363)</u>	
			<u>(1,292,126)</u>		<u>(1,903,340)</u>
Net assets			<u><u>6,321,409</u></u>		<u><u>5,453,206</u></u>
Capital and reserves					
Called up share capital	16		10,000		10,000
Profit and loss account	17		<u>6,311,409</u>		<u>5,443,206</u>
Shareholders' funds	18		<u><u>6,321,409</u></u>		<u><u>5,453,206</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



Michael Notman
Director

Date: 2/9/14

The notes on pages 11 to 23 form part of these financial statements.

Cash flow statement

For the year ended 31 December 2013

	Note	2013 £	2012 £
Net cash flow from operating activities	20	15,665,181	4,182,690
Returns on investments and servicing of finance	21	(317,264)	(147,431)
Taxation		(1,482,632)	(2,277,689)
Capital expenditure and financial investment	21	(732,359)	(7,222,105)
Equity dividends paid		(4,000,000)	(3,000,000)
Cash inflow/(outflow) before financing		9,132,926	(8,464,535)
Financing	21	(201,117)	3,706,712
Increase/(Decrease) in cash in the year		8,931,809	(4,757,823)

Reconciliation of net cash flow to movement in net funds/debt

For the year ended 31 December 2013

	2013 £	2012 £
Increase/(Decrease) in cash in the year	8,931,809	(4,757,823)
Cash outflow from decrease in debt and lease financing	201,117	(3,706,712)
Movement in net debt in the year	9,132,926	(8,464,535)
Net (debt)/funds at 1 January 2013	(824,631)	7,639,904
Net funds/(debt) at 31 December 2013	8,308,295	(824,631)

The notes on pages 11 to 23 form part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2013

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Turnover from contract activities represent income receivable in respect of services provided during the year, net of VAT, trade discounts and other sales related taxes. All turnover derives from United Kingdom customers.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

L/Term Leasehold Property	-	20% per annum
Plant & machinery	-	16.7% - 25% per annum
Motor vehicles	-	16.7% per annum
Fixtures & fittings	-	20% per annum
Computer equipment	-	33.3% - 50% per annum

1.4 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.5 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.6 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

Notes to the financial statements

For the year ended 31 December 2013

1. Accounting policies (continued)

1.7 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.8 Financial instruments

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 entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

1.9 Contract accounting

The value of amounts recoverable on contracts comprise the costs incurred on contracts plus an appropriate proportion of overheads and attributable profit. Profit is recognised on a percentage completions basis when the outcome of a contract or project can be reasonably foreseen. Provision is made in full for estimated losses. Where the outcome of a contract cannot be reasonably foreseen, profit is taken on completion. Remedial provisions are made in full for any anticipated remediation work.

Notes to the financial statements

For the year ended 31 December 2013

2. Turnover

All turnover arose within the United Kingdom.

3. Operating profit

The operating profit is stated after charging:

	2013 £	2012 £
Depreciation of tangible fixed assets:		
- owned by the company	1,278,414	985,708
- held under finance leases	1,019,795	969,409
Operating lease rentals:		
- plant and machinery	95,149	31,834
- other operating leases	983,744	857,561
	<u> </u>	<u> </u>

4. Auditors' remuneration

	2013 £	2012 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	58,500	54,750
Fees payable to the company's auditor and its associates in respect of:		
Taxation compliance services	6,350	6,150
	<u> </u>	<u> </u>

Notes to the financial statements

For the year ended 31 December 2013

5. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2013	2012
	£	£
Wages and salaries	27,251,362	26,921,880
Social security costs	2,733,723	2,895,694
Other pension costs	1,350,711	1,288,280
	<u>31,335,796</u>	<u>31,105,854</u>

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

	2013	2012
	No.	No.
Operative	515	439
Technical	329	290
Support	91	83
Administrative	35	30
	<u>970</u>	<u>842</u>

6. Directors' remuneration

	2013	2012
	£	£
Remuneration	<u>471,285</u>	<u>341,956</u>
Company pension contributions to defined contribution pension schemes	<u>37,359</u>	<u>33,314</u>

During the year retirement benefits were accruing to 3 directors (2012 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £264,800 (2012 - £198,700).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £23,625 (2012 - £23,955).

Notes to the financial statements

For the year ended 31 December 2013

7. Interest payable

	2013	2012
	£	£
On finance leases and hire purchase contracts	357,080	183,635

8. Taxation

	2013	2012
	£	£
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	1,643,555	1,518,322
Adjustments in respect of prior periods	39,977	-
Total current tax	1,683,532	1,518,322
Deferred tax (see note 14)		
Origination and reversal of timing differences	(81,025)	(23,710)
Tax on profit on ordinary activities	1,602,507	1,494,612

Notes to the financial statements

For the year ended 31 December 2013

8. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2012 - higher than) the standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%). The differences are explained below:

	2013 £	2012 £
Profit on ordinary activities before tax	<u>6,470,710</u>	<u>5,893,428</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%)	1,504,218	1,443,889
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	76,642	16,225
Capital allowances for year in excess of depreciation	(18,330)	13,766
Adjustments to tax charge in respect of prior periods	39,977	-
Changes in provisions leading to an increase (decrease) in the tax charge	81,025	44,442
Current tax charge for the year (see note above)	<u>1,683,532</u>	<u>1,518,322</u>

Notes to the financial statements

For the year ended 31 December 2013

9. Tangible fixed assets

	L/Term Leasehold Property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £
Cost				
At 1 January 2013	1,880,830	3,390,359	9,312,240	111,134
Additions	195,083	49,123	482,112	-
At 31 December 2013	2,075,913	3,439,482	9,794,352	111,134
Depreciation				
At 1 January 2013	1,008,420	1,150,839	2,880,581	102,552
Charge for the year	244,242	543,472	1,287,401	7,921
At 31 December 2013	1,252,662	1,694,311	4,167,982	110,473
Net book value				
At 31 December 2013	823,251	1,745,171	5,626,370	661
At 31 December 2012	872,410	2,239,520	6,431,659	8,582
			Computer equipment £	Total £
Cost				
At 1 January 2013			1,404,515	16,099,078
Additions			6,041	732,359
At 31 December 2013			1,410,556	16,831,437
Depreciation				
At 1 January 2013			933,911	6,076,303
Charge for the year			215,173	2,298,209
At 31 December 2013			1,149,084	8,374,512
Net book value				
At 31 December 2013			261,472	8,456,925
At 31 December 2012			470,604	10,022,775

Notes to the financial statements

For the year ended 31 December 2013

9. Tangible fixed assets (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2013	2012
	£	£
Plant and machinery	1,450,324	1,787,285
Motor vehicles	3,898,730	4,561,551
	<u>5,349,054</u>	<u>6,348,836</u>

10. Stocks

	2013	2012
	£	£
Finished goods and goods for resale	<u>580,070</u>	<u>382,847</u>

11. Debtors

	2013	2012
	£	£
Trade debtors	9,563,145	13,828,711
Other debtors	973,365	50,000
Prepayments and accrued income	993,274	692,577
Amounts recoverable on long term contracts	19,091,496	19,067,528
	<u>30,621,280</u>	<u>33,638,816</u>

12. Creditors:**Amounts falling due within one year**

	2013	2012
	£	£
Net obligations under finance leases and hire purchase contracts	1,940,766	2,010,267
Trade creditors	14,384,041	10,674,239
Corporation tax	884,547	683,647
Other taxation and social security	1,849,614	3,479,951
Other creditors	98,446	612,096
Accruals and deferred income	23,136,387	20,413,328
	<u>42,293,801</u>	<u>37,873,528</u>

Notes to the financial statements

For the year ended 31 December 2013

13. Creditors:

Amounts falling due after more than one year

	2013	2012
	£	£
Net obligations under finance leases and hire purchase contracts	<u>4,263,250</u>	<u>4,394,866</u>

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	2013	2012
	£	£
Between one and five years	<u>4,263,250</u>	<u>4,394,866</u>

14. Deferred taxation

	2013	2012
	£	£
At beginning of year	207,977	231,687
Released during year (P&L)	(81,025)	(23,710)
At end of year	<u>126,952</u>	<u>207,977</u>

The provision for deferred taxation is made up as follows:

	2013	2012
	£	£
Accelerated capital allowances	<u>126,952</u>	<u>207,977</u>

15. Provisions

	Other provisions
	£
At 1 January 2013	1,695,363
Movement	(530,189)
At 31 December 2013	<u>1,165,174</u>

The provision relates to anticipated legal claims and related fees and insurance costs.

Notes to the financial statements

For the year ended 31 December 2013

16. Share capital

	2013 £	2012 £
Allotted, called up and fully paid		
5,000 Ordinary 'A' shares of £1 each	5,000	5,000
5,000 Ordinary 'B' shares of £1 each	5,000	5,000
	<u>10,000</u>	<u>10,000</u>

The 'A' and 'B' Ordinary shares rank pari passu.

17. Reserves

	Profit and loss account £
At 1 January 2013	5,443,206
Profit for the financial year	4,868,203
Dividends: Equity capital	(4,000,000)
	<u>6,311,409</u>
At 31 December 2013	

18. Reconciliation of movement in shareholders' funds

	2013 £	2012 £
Opening shareholders' funds	5,453,206	4,054,390
Profit for the financial year	4,868,203	4,398,816
Dividends (Note 19)	(4,000,000)	(3,000,000)
	<u>6,321,409</u>	<u>5,453,206</u>
Closing shareholders' funds		

Notes to the financial statements

For the year ended 31 December 2013

19. Dividends

	2013 £	2012 £
Interim Dividend		
Dividend of £400 per Ordinary 'A' share paid on 29 August 2013	1,000,000	1,500,000
Dividend of £400 per Ordinary 'B' share paid on 29 August 2013	1,000,000	1,500,000
	<u>2,000,000</u>	<u>3,000,000</u>
Final Dividend		
Dividend of £400 per Ordinary 'A' share paid on 30 December 2013	1,000,000	-
Dividend of £400 per Ordinary 'B' share paid on 30 December 2013	1,000,000	-
	<u>2,000,000</u>	<u>-</u>
	<u>4,000,000</u>	<u>3,000,000</u>

20. Net cash flow from operating activities

	2013 £	2012 £
Operating profit	6,787,974	6,040,859
Depreciation of tangible fixed assets	2,298,209	1,955,117
(Increase)/decrease in stocks	(197,223)	292,570
Decrease/(increase) in debtors	3,017,536	(15,740,682)
Increase in creditors	4,288,874	11,811,875
Decrease in provisions	(530,189)	(177,049)
	<u>15,665,181</u>	<u>4,182,690</u>
Net cash inflow from operating activities		

21. Analysis of cash flows for headings netted in cash flow statement

	2013 £	2012 £
Returns on investments and servicing of finance		
Interest received	39,816	36,204
Hire purchase interest	(357,080)	(183,635)
	<u>(317,264)</u>	<u>(147,431)</u>
Net cash outflow from returns on investments and servicing of finance		

Notes to the financial statements

For the year ended 31 December 2013

21. Analysis of cash flows for headings netted in cash flow statement (continued)

	2013 £	2012 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	<u>(732,359)</u>	<u>(7,222,105)</u>
	2013 £	2012 £
Financing		
(Repayment of)/new finance leases	<u>(201,117)</u>	<u>3,706,712</u>

22. Analysis of changes in net debt

	1 January 2013 £	Cash flow £	Other non-cash changes £	31 December 2013 £
Cash at bank and in hand	5,580,502	8,931,809	-	14,512,311
Debt:				
Debts due within one year	(2,010,267)	201,117	(131,616)	(1,940,766)
Debts falling due after more than one year	<u>(4,394,866)</u>	<u>-</u>	<u>131,616</u>	<u>(4,263,250)</u>
Net debt	<u>(824,631)</u>	<u>9,132,926</u>	<u>-</u>	<u>8,308,295</u>

23. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £1,748,938 (2012 - £1,288,280). Contributions totaling £207,539 (2012 - £181,394) were payable to the fund at the balance sheet date and are included in creditors.

Notes to the financial statements

For the year ended 31 December 2013

24. Operating lease commitments

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings			Other
	2013	2012	2013	2012
	£	£	£	£
Expiry date:				
Within 1 year	65,000	138,425	-	-
Between 2 and 5 years	535,272	59,190	172,470	155,704
After more than 5 years	365,650	438,082	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

25. Related party transactions

In the year the company has made purchases and incurred management charges from both Jacobs UK Limited and Eurovia Group Limited. All transactions are detailed below.

Management fees

	2013	2012
	£	£
Jacobs UK Limited	949,504	812,373
Eurovia Group Limited and its associated undertakings	949,504	812,373

Subcontractor costs

	2013	2012
	£	£
Jacobs UK Limited	11,179,245	8,694,364
Eurovia Group Limited and its associated undertakings	68,107,243	42,737,664

Balances outstanding at 31 December (included in trade creditors)

	2013	2012
	£	£
Jacobs UK Limited	(1,044,201)	(847,535)
Eurovia Group Limited and its associated undertakings	(536,402)	(2,929,455)

26. Ultimate parent undertaking and controlling party

The company is an equally owned Joint Venture and as such the directors believe that there is no single controlling party.