

Financial Statements Ringway Jacobs Limited

For the year ended 31 December 2014



Registered number: 05576465

Company Information

Directors

Leon Power
Scott Wardrop
William Taylor
David Binding
Bob Duff
Alan Seywright
Gregoire Batut
Michael Notman

Company secretary

Susan 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
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RH12 1FD

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Strategic Report

For the year ended 31 December 2014

Introduction

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

- London Highways Alliance Contract (LoHAC): with call off contracts for:
 - Transport for London (TfL)
 - The London Borough of Haringey
 - The London Borough of Enfield
 - The London Borough of Newham
- Transport for Buckinghamshire alliance with Buckinghamshire County Council
- Engineering Services Contract with the London Boroughs of Newham, Tower Hamlets, Hackney and Waltham Forest (contract ceased on 31st October 2014)
- Cheshire East Council Highways Services Contract
- Essex Highways Strategic Transformation Highways Contract



Business review

Safety is at the heart of everything we do. Our Health & Safety culture and performance has been very robust during 2014.

The 2014 results for the company show a pre-tax profit of £4,271,414 (2013: £6,470,710). The company has continued to grow strongly with turnover increasing by 22% most significantly from additional work secured from within existing contracts. We are in the early stages of trading within many of our contracts, particularly within London and despite operating in a difficult period for the highways management and maintenance market, we have generated strong levels of profitability.

Our order book remains very strong with committed workloads beyond 2020. During the year we were awarded a contract extension on our Cheshire East contract for an additional two years taking that contract to September 2018. From our TfL client we have also secured a number of specific high profile London transport projects to deliver throughout 2015 and beyond.

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. In 2014 the London Borough of Enfield have taken the decision to use the framework and are now delivering their highway services through the LoHAC framework.

During 2014, the overall number of our employees exceeded 1,000. We are a proud member of the 5% Club, a campaign focused on creating momentum behind the recruitment of apprentices and graduates into the UK workforce. Within our industry, we are market leaders in employing young talent with more than 6% of our workforce being made up of graduates and apprentices employed in many different disciplines.

Strategic Report (continued)

For the year ended 31 December 2014

Principal risks and uncertainties

Financial risk

The company uses various financial instruments to measure and monitor performance which include cash, trade debtors, amounts recoverable on contracts, trade creditors and amounts due to group undertakings that arise directly from its operations. The main purpose of these financial metrics are to optimise finance for the company's operations. The existence of financial challenges, which are monitored by management, exposes the company to a number of financial risks, which are described in more detail below.

The main risks highlighted by the company's management are interest rate risk, credit risk and liquidity risk.

The directors review and agree policies for managing each of these risks and these 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 in assets both safely and profitably.

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

Interest rate risk

The company's current borrowing facilities are used to finance capital expenditure.

Credit risk

The company's principal financial assets are cash, trade debtors and amounts recoverable on contracts. The associated credit risk is limited as the company's clients are predominantly public sector entities, all of whom have strong credit ratings supported by short term borrowings from the United Kingdom government.

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

Financial and other key performance indicators

The Ringway Jacobs Limited Board sets financial targets, underpinned by key performance indicators, for the company and monitors performance by reviewing both monthly management accounts and quarterly forecasts.

The key financial targets for the company for the year ended 31 December 2014 were set out in the budget adopted by the Board and reflected a growth in turnover and forecast a profit before tax. The company either met or exceeded the adopted and revised budgets for the 2014 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 contract and consolidated budgets and business plans. In addition, each of our contracts have both service and financial related 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 1.9% (2013: 3.6%). We measure operating profit as a percentage of turnover with a target of budget or better. The company exceeded the adopted budgets for the 2014 year.

Net Cash

The net funds position of £12.7m (2013: £8.3m) is a key financial indicator. Our target is to improve on budget.

Strategic Report (continued)

For the year ended 31 December 2014

Carbon Reduction

We are committed to deliver and exceed all environmental targets related to our stated 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 were in place for 12 months, we measured the annual average tonnes of CO2 per £m turnover: 2014: 17.45 (2013: 23.12).

Future developments

The directors believe that the integrated highway services market will continue to develop and evolve 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 Limited has strong long term contracts with strategic clients. One of the key objectives of the company in 2015 will be to continue to work with our clients on these strategic contracts to ensure we deliver the objectives of each contract while also looking to both broaden and deepen the services that we offer to those clients. Simultaneously we will continue to explore further innovative ways to deliver our services in a more effective and efficient way.

We continue to work closely with our shareholders, who provide some specialist support and enhance our ability to introduce innovative products and processes to our market through their extensive product Research & Development capability.

Our capital investment program will continue in 2015 with a likely investment of £4.4m (2014: £1.7m).

We will continue to look for further 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 deliver sustainable profits both in 2015 and in future years.

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



Michael Notman
Director

Date: 6 July 2015

Directors' Report

For the year ended 31 December 2014

The directors present their report and the financial statements for the year ended 31 December 2014.

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 £3,325,218 (2013: £4,868,203).

No interim dividend was paid during the year (2013: £2,000,000 was paid on 29 August 2013). A final dividend of £3,000,000 (2013: £2,000,000) was paid on 30 December 2014.

Directors

The directors who served during the year were:

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

Directors' Report

For the year ended 31 December 2014

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: 6 July 2015

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 2014, 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/auditscopeukprivate.

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 2014 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.

A handwritten signature in black ink, appearing to read "Philip Westerman".

Philip Westerman
Senior Statutory Auditor
Grant Thornton UK LLP
Chartered Accountants

London

Date: 6 July 2015

Profit and Loss Account

For the year ended 31 December 2014

	Note	2014 £	2013 £
Turnover	1,2	232,149,335	189,900,810
Cost of sales		<u>(199,738,843)</u>	<u>(160,925,252)</u>
Gross profit		32,410,492	28,975,558
Administrative expenses		<u>(27,920,194)</u>	<u>(22,187,584)</u>
Operating profit	3	4,490,298	6,787,974
Interest receivable and similar income		47,101	39,816
Interest payable and similar charges	7	<u>(265,985)</u>	<u>(357,080)</u>
Profit on ordinary activities before taxation		4,271,414	6,470,710
Tax on profit on ordinary activities	8	<u>(946,196)</u>	<u>(1,602,507)</u>
Profit on ordinary activities after taxation		3,325,218	4,868,203
Profit brought forward		6,311,409	5,443,206
Dividends: Equity capital		<u>(3,000,000)</u>	<u>(4,000,000)</u>
Retained profit carried forward		<u><u>6,636,627</u></u>	<u><u>6,311,409</u></u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and Loss Account.

The notes on pages 11 to 22 form part of these financial statements.

Balance Sheet

As at 31 December 2014

	Note	£	2014 £	2013 £
Fixed assets				
Tangible assets	9		8,204,457	8,456,925
Current assets				
Stocks	10	726,432		580,070
Debtors	11	25,246,146		30,621,280
Cash at bank and in hand		18,023,253		14,512,311
		<u>43,995,831</u>		<u>45,713,661</u>
Creditors: amounts falling due within one year	12	<u>(41,073,904)</u>		<u>(42,293,801)</u>
Net current assets			<u>2,921,927</u>	<u>3,419,860</u>
Total assets less current liabilities			<u>11,126,384</u>	<u>11,876,785</u>
Creditors: amounts falling due after more than one year	13		(3,518,990)	(4,263,250)
Provisions for liabilities				
Deferred tax	14	(61,580)		(126,952)
Other provisions	15	<u>(899,187)</u>		<u>(1,165,174)</u>
			<u>(960,767)</u>	<u>(1,292,126)</u>
Net assets			<u><u>6,646,627</u></u>	<u><u>6,321,409</u></u>
Capital and reserves				
Called up share capital	16		10,000	10,000
Profit and loss account	17		<u>6,636,627</u>	<u>6,311,409</u>
Shareholders' funds	18		<u><u>6,646,627</u></u>	<u><u>6,321,409</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: 6 July 2015

The notes on pages 11 to 22 form part of these financial statements.

Cash Flow Statement

For the year ended 31 December 2014

	Note	2014 £	2013 £
Net cash flow from operating activities	20	10,658,705	15,665,181
Returns on investments and servicing of finance	21	(218,884)	(317,264)
Taxation		(1,307,576)	(1,482,632)
Capital expenditure and financial investment	21	(1,742,666)	(732,359)
Equity dividends paid		(3,000,000)	(4,000,000)
Cash inflow before financing		4,389,579	9,132,926
Financing	21	(878,637)	(201,117)
Increase in cash in the year		3,510,942	8,931,809

Reconciliation of Net Cash Flow to Movement in Net Funds/Debt

For the year ended 31 December 2014

	2014 £	2013 £
Increase in cash in the year	3,510,942	8,931,809
Cash outflow from decrease in debt and lease financing	878,637	201,117
Movement in net debt in the year	4,389,579	9,132,926
Net funds/(debt) at 1 January 2014	8,308,295	(824,631)
Net funds at 31 December 2014	12,697,874	8,308,295

The notes on pages 11 to 22 form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2014

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 represents 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	-	14.3% - 20% per annum
Plant & machinery	-	10% - 25% per annum
Motor vehicles	-	16.7% - 20% per annum
Fixtures & fittings	-	16.7% - 20% per annum
Computer equipment	-	20% - 33% per annum

In the case of assets purchased second hand, the depreciation rates are set to reflect the remaining useful lives.

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.

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 2014

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. Profits are recognised on a percentage completion 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 2014

2. Turnover

The whole of the turnover is attributable to the provision of services for highways management and maintenance and construction and transportation services.

All turnover arose within the United Kingdom.

3. Operating profit

The operating profit is stated after charging:

	2014 £	2013 £
Depreciation of tangible fixed assets:		
- owned by the company	754,912	1,278,409
- held under finance leases	1,240,222	1,019,795
Operating lease rentals:		
- IT equipment	147,501	95,149
- other operating leases	1,280,684	983,744
	<u> </u>	<u> </u>

4. Auditors' remuneration

	2014 £	2013 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	59,250	58,500
Fees payable to the company's auditor and its associates in respect of:		
Taxation compliance services	6,600	6,350
	<u> </u>	<u> </u>

5. Staff costs

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

	2014 £	2013 £
Wages and salaries	30,156,164	27,251,362
Social security costs	2,890,053	2,733,723
Other pension costs	1,486,983	1,350,711
	<u> </u>	<u> </u>
	34,533,200	31,335,796
	<u> </u>	<u> </u>

Notes to the Financial Statements

For the year ended 31 December 2014

5. Staff costs (continued)

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

	2014 No.	2013 No.
Operations	531	515
Technical and Administration	529	455
	<u>1,060</u>	<u>970</u>

6. Directors' remuneration

	2014 £	2013 £
Remuneration	<u>293,307</u>	<u>471,285</u>
Company pension contributions to defined contribution pension schemes	<u>28,345</u>	<u>37,359</u>

During the year retirement benefits were accruing to 2 directors (2013: 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £253,700 (2013: £264,800).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £24,240 (2013: £23,625).

7. Interest payable

	2014 £	2013 £
On finance leases and hire purchase contracts	<u>265,985</u>	<u>357,080</u>

Notes to the Financial Statements

For the year ended 31 December 2014

8. Taxation

	2014 £	2013 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	1,028,286	1,643,555
Adjustments in respect of prior periods	(16,718)	39,977
Total current tax	<u>1,011,568</u>	<u>1,683,532</u>
Deferred tax (see note 14)		
Origination and reversal of timing differences	(65,372)	(81,025)
Tax on profit on ordinary activities	<u>946,196</u>	<u>1,602,507</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2013: higher than) the standard rate of corporation tax in the UK of 21.49% (2013: 23.25%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	<u>4,271,414</u>	<u>6,470,710</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.49% (2013: 23.25%)	918,062	1,504,218
Effects of:		
Fixed asset ineligible depreciation	29,818	-
Expenses not deductible for tax purposes	9,581	76,642
Capital allowances for year in excess of depreciation	(17,512)	(18,330)
Adjustments to tax charge in respect of prior periods	(16,718)	39,977
Changes in provisions leading to an increase in the tax charge	88,337	81,025
Current tax charge for the year (see note above)	<u>1,011,568</u>	<u>1,683,532</u>

Notes to the Financial Statements

For the year ended 31 December 2014

9. Tangible fixed assets

	L/Term Leasehold Property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Computer equipment £	Total £
Cost						
At 1 Jan 2014	2,075,913	3,439,482	9,794,352	111,134	1,410,556	16,831,437
Additions	142,254	80,700	1,430,591	37,657	51,464	1,742,666
Disposals	(649,251)	(7,285)	(205,429)	(107,734)	-	(969,699)
Reclassifications	-	4,286,314	(4,286,314)	-	-	-
At 31 Dec 2014	<u>1,568,916</u>	<u>7,799,211</u>	<u>6,733,200</u>	<u>41,057</u>	<u>1,462,020</u>	<u>17,604,404</u>
Depreciation						
At 1 Jan 2014	1,252,662	1,694,311	4,167,982	110,473	1,149,084	8,374,512
Charge for the year	235,252	532,245	1,048,547	2,116	176,974	1,995,134
On disposals	(649,251)	(7,285)	(205,429)	(107,734)	-	(969,699)
Reclassifications	-	1,537,253	(1,537,253)	-	-	-
At 31 Dec 2014	<u>838,663</u>	<u>3,756,524</u>	<u>3,473,847</u>	<u>4,855</u>	<u>1,326,058</u>	<u>9,399,947</u>
Net book value						
At 31 Dec 2014	<u>730,253</u>	<u>4,042,687</u>	<u>3,259,353</u>	<u>36,202</u>	<u>135,962</u>	<u>8,204,457</u>
At 31 Dec 2013	<u>823,251</u>	<u>1,745,171</u>	<u>5,626,370</u>	<u>661</u>	<u>261,472</u>	<u>8,456,925</u>

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

	2014 £	2013 £
Plant and machinery	3,569,776	1,450,324
Motor vehicles	2,790,861	3,898,730
	<u>6,360,637</u>	<u>5,349,054</u>

10. Stocks

	2014 £	2013 £
Materials	<u>726,432</u>	<u>580,070</u>

Notes to the Financial Statements

For the year ended 31 December 2014

11. Debtors

	2014	2013
	£	£
Trade debtors	4,909,104	9,563,145
Other debtors	393,544	973,365
Prepayments	1,085,398	993,274
Amounts recoverable on long term contracts	18,858,100	19,091,496
	<u>25,246,146</u>	<u>30,621,280</u>

12. Creditors:

Amounts falling due within one year

	2014	2013
	£	£
Net obligations under finance leases and hire purchase contracts	1,806,389	1,940,766
Trade creditors	3,330,452	14,384,041
Corporation tax	588,539	884,547
Other taxation and social security	6,288,866	1,849,614
Other creditors	234,234	98,446
Accruals and deferred income	28,825,424	23,136,387
	<u>41,073,904</u>	<u>42,293,801</u>

13. Creditors:

Amounts falling due after more than one year

	2014	2013
	£	£
Net obligations under finance leases and hire purchase contracts	<u>3,518,990</u>	<u>4,263,250</u>

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

	2014	2013
	£	£
Between one and five years	<u>3,518,990</u>	<u>4,263,250</u>

Notes to the Financial Statements

For the year ended 31 December 2014

14. Deferred taxation

	2014 £	2013 £
At beginning of year	126,952	207,977
Released during year	(65,372)	(81,025)
At end of year	<u>61,580</u>	<u>126,952</u>

The provision for deferred taxation is made up as follows:

	2014 £	2013 £
Accelerated capital allowances	<u>61,580</u>	<u>126,952</u>

15. Provisions

	Other provisions £
At 1 January 2014	1,165,174
Movement	(265,987)
At 31 December 2014	<u>899,187</u>

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

16. Share capital

	2014 £	2013 £
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.

Notes to the Financial Statements

For the year ended 31 December 2014

17. Reserves

	Profit and loss account £
At 1 January 2014	6,311,409
Profit for the financial year	3,325,218
Dividends: Equity capital	(3,000,000)
	<hr/>
At 31 December 2014	6,636,627
	<hr/>

18. Reconciliation of movement in shareholders' funds

	2014 £	2013 £
Opening shareholders' funds	6,321,409	5,453,206
Profit for the financial year/period	3,325,218	4,868,203
Dividends (Note 19)	(3,000,000)	(4,000,000)
	<hr/>	<hr/>
Closing shareholders' funds	6,646,627	6,321,409
	<hr/>	<hr/>

19. Dividends

	2014 £	2013 £
Interim dividend		
Dividends of £200 per Ordinary 'A' share (paid 29 August 2013)	-	1,000,000
Dividends of £200 per Ordinary 'B' share (paid 29 August 2013)	-	1,000,000
	<hr/>	<hr/>
Total interim dividend paid	-	2,000,000
	<hr/>	<hr/>
Final dividend		
Dividends of £200 per Ordinary 'A' share (paid 30 December 2013)	-	1,000,000
Dividends of £200 per Ordinary 'B' share (paid 30 December 2013)	-	1,000,000
Dividend of £300 per Ordinary 'A' share (paid 30 December 2014)	1,500,000	-
Dividend of £300 per Ordinary 'B' share (paid 30 December 2014)	1,500,000	-
	<hr/>	<hr/>
Total final dividend paid	3,000,000	2,000,000
	<hr/>	<hr/>
Total dividend paid	3,000,000	4,000,000
	<hr/>	<hr/>

Notes to the Financial Statements

For the year ended 31 December 2014

20. Net cash flow from operating activities

	2014 £	2013 £
Operating profit	4,490,298	6,787,974
Depreciation of tangible fixed assets	1,995,134	2,298,209
Increase in stocks	(146,362)	(197,223)
Decrease in debtors	5,375,134	3,017,536
(Decrease)/increase in creditors	(789,512)	4,288,874
Decrease in provisions	(265,987)	(530,189)
Net cash inflow from operating activities	10,658,705	15,665,181

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

	2014 £	2013 £
Returns on investments and servicing of finance		
Interest received	47,101	39,816
Hire purchase interest	(265,985)	(357,080)
Net cash outflow from returns on investments and servicing of finance	(218,884)	(317,264)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(1,742,666)	(732,359)
Financing		
Repayment of finance leases	(878,637)	(201,117)

22. Analysis of changes in net funds

	1 January 2014 £	Cash flow £	31 December 2014 £
Cash at bank and in hand	14,512,311	3,510,942	18,023,253
Debt:			
Debts due within one year	(1,940,766)	134,377	(1,806,389)
Debts falling due after more than one year	(4,263,250)	744,260	(3,518,990)
Net funds	8,308,295	4,389,579	12,697,874

Notes to the Financial Statements

For the year ended 31 December 2014

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 £1,486,983 (2013: £1,350,711). Contributions totalling £316,800 (2013: £207,539) were payable to the fund at the balance sheet date and are included in creditors.

24. Operating lease commitments

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2014	2013	2014	2013
	£	£	£	£
Expiry date:				
Within 1 year	-	65,000	21,447	-
Between 2 and 5 years	728,392	535,272	89,054	145,155
After more than 5 years	596,570	365,650	-	-

25. Related party transactions

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

Management fees

	2014	2013
	£	£
Jacobs U.K. Limited	1,160,747	949,504
Eurovia UK Limited and its associated undertakings	1,160,747	949,504

Subcontractor costs and other purchases

	2014	2013
	£	£
Jacobs U.K. Limited	14,421,148	11,179,245
Eurovia UK Limited and its associated undertakings	72,124,730	68,107,243

Balance outstanding at 31 December (included in trade creditors)

	2014	2013
	£	£
Jacobs U.K. Limited	(2,337,729)	(1,044,201)
Eurovia UK Limited and its associated undertakings	(967,123)	(536,402)

Notes to the Financial Statements

For the year ended 31 December 2014

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.