

STATUTORY COPY

Company Registration No. 06299941 (England and Wales)

CLEGG HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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CLEGG HOLDINGS LIMITED

COMPANY INFORMATION

Directors	K Anderson S M Giltrap S J Blackburn T S Richmond
Secretary	G J Russell
Company number	06299941
Registered office	Bishops House 42 High Pavement The Lace Market Nottingham NG1 1HN
Auditor	UHY Hacker Young 14 Park Row Nottingham NG1 6GR
Bankers	Lloyds Bank Plc 12-16 Lower Parliament Street Nottingham NG1 3DA
Solicitors	Browne Jacobson Mowbray House Castle Meadow Road Nottingham NG2 1BJ

CLEGG HOLDINGS LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2
Directors' responsibilities statement	3
Independent auditor's report	4 - 6
Statement of comprehensive income	7
Group balance sheet	8 - 9
Company balance sheet	10
Group statement of changes in equity	11
Company statement of changes in equity	12
Group statement of cash flows	13
Notes to the financial statements	14 - 32

CLEGG HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

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

Principal activity

The principal activity of the company is that of a parent company of a group of companies engaged in the construction industry.

Business Review

2017 saw a 12.5% increase in turnover. Profit before tax has increased from £323,277 to £687,478, but there remains continued pressure on supply chain resources.

Principal risks and uncertainties


The company and its subsidiary companies aim to minimise risks and uncertainties to the level of the market place in which it operates and achieve this through internal controls and review procedures.

The company and its subsidiary companies make sales and applications for payment on normal credit terms and manage related risks through its credit control procedures. The company does not hedge interest payments on any of its borrowings.

Key performance indicators

The directors use a range of key performance indicators to evaluate the performance of the business. Of these, the level of sales and gross profit are the key factors. The directors are happy to report an increase in the gross profit margin compared with the prior year at 5.0% of sales (2016 - 4.6%).

By order of the board



.....
G J Russell

Secretary

19/9/18
.....

CLEGG HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

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

Directors

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

K Anderson
S M Giltrap
S J Blackburn
T S Richmond

Results and dividends

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

Ordinary dividends were paid amounting to £184,742 (2016 - £184,100). The directors do not recommend payment of a further dividend.

Future developments

The group is anticipating 2018 trading to be ahead of 2017 levels.

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Auditor

In accordance with the company's articles, a resolution proposing that UHY Hacker Young be reappointed as auditor of the group will be put at a General Meeting.

Statement of disclosure to auditor

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

By order of the board



G J Russell

Secretary

Date: 19/09/2018

CLEGG HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group 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 group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CLEGG HOLDINGS LIMITED

Opinion

We have audited the financial statements of Clegg Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2017 and of the group's 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's *responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF CLEGG HOLDINGS LIMITED

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF CLEGG HOLDINGS LIMITED

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.



Roger Merchant (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young

19/9/18

Chartered Accountants
Statutory Auditor

CLEGG HOLDINGS LIMITED**GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

		2017	2016
	Notes	£	£
Turnover	3	94,757,970	84,222,105
Cost of sales		(90,020,227)	(80,379,753)
Gross profit		4,737,743	3,842,352
Administrative expenses		(4,081,559)	(3,537,869)
Other operating income		55,705	55,692
Operating profit	4	711,889	360,175
Interest receivable and similar income		3,141	6,701
Interest payable and similar expenses	7	(27,552)	(43,599)
Profit before taxation		687,478	323,277
Tax on profit	8	(151,401)	(116,556)
Profit for the financial year	23	536,077	206,721

Profit for the financial year is all attributable to the owners of the parent company.

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

CLEGG HOLDINGS LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017		2016	
		£	£	£	£
Fixed assets					
Goodwill	10	1,008,591		1,224,591	
Tangible assets	11	1,743,120		1,901,454	
		<u>2,751,711</u>		<u>3,126,045</u>	
Current assets					
Stocks	15	1,083,101	1,083,101		
Debtors	16	17,732,675	15,203,806		
Cash at bank and in hand		5,212,152	6,012,438		
		<u>24,027,928</u>	<u>22,299,345</u>		
Creditors: amounts falling due within one year	17	<u>(22,733,166)</u>	<u>(22,061,743)</u>		
Net current assets		<u>1,294,762</u>		<u>237,602</u>	
Total assets less current liabilities		<u>4,046,473</u>		<u>3,363,647</u>	
Creditors: amounts falling due after more than one year	18	(637,500)		-	
Provisions for liabilities	20	(7,032)		(19,317)	
Net assets		<u><u>3,401,941</u></u>		<u><u>3,344,330</u></u>	
Capital and reserves					
Called up share capital	22	4,796	4,796		
Share premium account	23	3,635	3,635		
Capital redemption reserve	23	274	274		
Own shares	23	(293,724)	-		
Profit and loss reserves	23	3,686,960	3,335,625		
Total equity		<u><u>3,401,941</u></u>		<u><u>3,344,330</u></u>	

CLEGG HOLDINGS LIMITED

GROUP BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2017

The financial statements were approved by the board of directors and authorised for issue on 19/01/18 and are signed on its behalf by:



.....
K Anderson
Director

CLEGG HOLDINGS LIMITED**COMPANY BALANCE SHEET****AS AT 31 DECEMBER 2017**

	Notes	2017 £	£	2016 £	£
Fixed assets					
Investments	12	8,594,719		8,594,719	
Current assets					
Debtors	16	3,613,799		3,628,311	
Cash at bank and in hand		810		10	
		<u>3,614,609</u>		<u>3,628,321</u>	
Creditors: amounts falling due within one year	17	<u>(10,626,049)</u>		<u>(10,150,800)</u>	
Net current liabilities			<u>(7,011,440)</u>		<u>(6,522,479)</u>
Total assets less current liabilities			<u>1,583,279</u>		<u>2,072,240</u>
Capital and reserves					
Called up share capital	22	4,796		4,796	
Share premium account	23	3,635		3,635	
Capital redemption reserve	23	274		274	
Own shares	23	(293,724)		-	
Profit and loss reserves	23	1,868,298		2,063,535	
Total equity			<u>1,583,279</u>		<u>2,072,240</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £10,495 (2016 - £37,450 loss).

The financial statements were approved by the board of directors and authorised for issue on 19/09/18 and are signed on its behalf by:



K Anderson
Director

Company Registration No. 06299941

CLEGG HOLDINGS LIMITED

**GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

		Share capital	Share premium account	Capital redemption reserve	Own shares	Profit and loss reserves	Total
	Notes	£	£	£	£	£	£
Balance at 1 January 2016		4,796	3,635	274	-	3,313,004	3,321,709
Year ended 31 December 2016:							
Profit and total comprehensive income for the year		-	-	-	-	206,721	206,721
Dividends	9	-	-	-	-	(184,100)	(184,100)
Balance at 31 December 2016		4,796	3,635	274	-	3,335,625	3,344,330
Year ended 31 December 2017:							
Profit and total comprehensive income for the year		-	-	-	-	536,077	536,077
Dividends	9	-	-	-	-	(184,742)	(184,742)
Own shares acquired	23	-	-	-	(293,724)	-	(293,724)
Balance at 31 December 2017		4,796	3,635	274	(293,724)	3,686,960	3,401,941

CLEGG HOLDINGS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

		Share capital	Share premium account	Capital redemption reserve	Own shares	Profit and loss reserves	Total
	Notes	£	£	£	£	£	£
Balance at 1 January 2016		4,796	3,635	274	-	2,285,085	2,293,790
Year ended 31 December 2016:							
Loss and total comprehensive income for the year		-	-	-	-	(37,450)	(37,450)
Dividends	9	-	-	-	-	(184,100)	(184,100)
Balance at 31 December 2016		4,796	3,635	274	-	2,063,535	2,072,240
Year ended 31 December 2017:							
Loss and total comprehensive income for the year		-	-	-	-	(10,495)	(10,495)
Dividends	9	-	-	-	-	(184,742)	(184,742)
Own shares acquired	23	-	-	-	(293,724)	-	(293,724)
Balance at 31 December 2017		4,796	3,635	274	(293,724)	1,868,298	1,583,279

CLEGG HOLDINGS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	28	(583,140)		2,683,854	
Interest paid		(27,552)		(43,599)	
Income taxes paid		(157,586)		(100,819)	
Net cash (outflow)/inflow from operating activities		(768,278)		2,539,436	
Investing activities					
Purchase of tangible fixed assets		(183,620)		(41,491)	
Proceeds on disposal of tangible fixed assets		247,841		-	
Interest received		3,141		6,701	
Net cash generated from/(used in) investing activities		67,362		(34,790)	
Financing activities					
Purchase of treasury shares		(293,724)		-	
Repayment of borrowings		(120,000)		(110,000)	
New/(repayment) of bank loans		499,096		(485,073)	
Payment of finance leases obligations		-		(1,435)	
Dividends paid to equity shareholders		(184,742)		(184,100)	
Net cash used in financing activities		(99,370)		(780,608)	
Net (decrease)/increase in cash and cash equivalents		(800,286)		1,724,038	
Cash and cash equivalents at beginning of year		6,012,438		4,288,400	
Cash and cash equivalents at end of year		5,212,152		6,012,438	

CLEGG HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

Company information

Clegg Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Bishops House, 42 High Pavement, The Lace Market, Nottingham, NG1 1HN.

The group consists of Clegg Holdings Limited and all of its subsidiaries.

1.1 Accounting convention

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

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

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

In preparing the separate financial statements of the company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the group and the company would be identical;
- No cash flow has been presented for the company;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

The consolidated financial statements incorporate those of Clegg Holdings Limited and all of its subsidiaries.

1.2 Going concern

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

CLEGG HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.3 Turnover

Revenue comprises of the value of contracting work executed during the year plus the invoiced value of other sales. The value of contracted work is based on measured valuations, incorporating profit earned to the valuation date, taking into account cost to completion and any anticipated losses.

The amount by which recorded revenue on uncompleted contracts is in excess of payments on account is classified as amounts recoverable on contracts and separately disclosed in debtors.

Cash received on account of contracts is deducted from amounts recoverable on contracts. Such amounts which have been received and exceed amounts recoverable are included in creditors.

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

Freehold buildings	8 to 50 years
Leasehold land and buildings	10 years
Leasehold improvements	10 years
Plant and equipment	3 to 5 years
Fixtures and fittings	1 to 10 years
Computers	1 to 10 years
Motor vehicles	4 years

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

1.6 Fixed asset investments

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

CLEGG HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.7 Impairment of fixed assets

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

1.8 Stocks

Properties held for sale are valued at lower of cost and net realisable value, less any impairment. Cost includes all direct costs of purchase.

1.9 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

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

Basic financial assets and liabilities

Basic financial assets and liabilities, which include debtors, creditors and cash and bank balances, are initially measured at transaction price. Financial assets or liabilities classified as receivable within one year are not amortised.

1.11 Equity instruments

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

1.12 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

CLEGG HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

1.13 Employee benefits

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

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

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

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

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

CLEGG HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Long term contracts

The group uses the percentage-of-completion method in accounting for its construction contracts. Use of the percentage of completion method requires the Company to estimate the construction performed to date as a proportion of the total construction to be performed. The estimation of the revenue and profit recognition by reference to the stage of completion can involve considerable judgement around future margins.

The group reviews these estimates and assumptions as each contract progresses. To the extent that the amounts receivable on the contracts are different to the amounts recorded such differences will impact revenue and cost of sales in the period in which such determination is made.

Useful life of property, plant and equipment

Depreciation is provided so as to write down the assets to their residual values over their estimated useful exercise of management judgement. Useful lives are regularly reviewed and should management's assessment of useful lives shorten then depreciation charges in the financial statements would increase and carrying amounts of property, plant and equipment would reduce accordingly.

3 Turnover and other revenue

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

	2017	2016
	£	£
Turnover analysed by class of business		
United Kingdom	94,757,970	84,222,105
	<u> </u>	<u> </u>

CLEGG HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2017**

3 Turnover and other revenue (Continued)

	2017	2016
	£	£
Other significant revenue		
Interest income	3,141	6,701
	<u> </u>	<u> </u>

The whole of the turnover is attributable to the one principal activity of the group as defined in the strategic report.

4 Operating profit

	2017	2016
	£	£
Operating profit for the year is stated after charging:		
Depreciation of owned tangible fixed assets	71,379	48,445
Loss on disposal of tangible fixed assets	22,734	24,047
Amortisation of intangible assets	216,000	216,000
Operating lease charges	206,086	225,152
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2017	2016
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	27,500	26,000
	<u> </u>	<u> </u>
For other services		
Taxation compliance services	7,950	7,000
All other non-audit services	18,150	14,000
	<u> </u>	<u> </u>
	<u>26,100</u>	<u>21,000</u>

CLEGG HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

6 Employees

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

	Group 2017 Number	2016 Number	Company 2017 Number	2016 Number
Building	64	61	-	-
Administration	36	37	4	4
	<u>100</u>	<u>98</u>	<u>4</u>	<u>4</u>

Their aggregate remuneration comprised:

	Group 2017 £	2016 £	Company 2017 £	2016 £
Wages and salaries	5,465,456	4,503,374	-	-
Social security costs	603,368	542,392	-	-
Pension costs	484,276	404,766	-	-
	<u>6,553,100</u>	<u>5,450,532</u>	<u>-</u>	<u>-</u>

7 Interest payable and similar expenses

	2017 £	2016 £
Interest on bank overdrafts and loans	20,823	26,814
Interest on finance leases and hire purchase contracts	-	1,816
Other interest on financial liabilities	6,070	14,969
Other interest	659	-
	<u>27,552</u>	<u>43,599</u>

8 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	167,502	115,116
Adjustments in respect of prior periods	(3,816)	477
	<u>163,686</u>	<u>115,593</u>

CLEGG HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2017****8 Taxation****(Continued)****Deferred tax**

Origination and reversal of timing differences	(12,285)	963
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Total tax charge for the year	151,401	116,556
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The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2017 £	2016 £
Profit before taxation	687,478	323,277
Expected tax charge based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	132,340	64,655
Tax effect of expenses that are not deductible in determining taxable profit	5,159	2,547
Adjustments in respect of prior years	(3,816)	-
Effect of change in corporation tax rate	(2,538)	-
Permanent capital allowances in excess of depreciation	74	5,630
Depreciation on assets not qualifying for tax allowances	9,904	-
Other non-reversing timing differences	-	(1,058)
Under/(over) provided in prior years	-	477
Deferred tax adjustments in respect of prior years	-	1,105
Deferred tax movement on revalued assets	(31,302)	-
Non-deductable amortisation of goodwill	41,580	43,200
Taxation charge for the year	151,401	116,556

9 Dividends

	2017 £	2016 £
Final paid	184,742	184,100

CLEGG HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

10 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 January 2017 and 31 December 2017	3,218,591
Amortisation and impairment	
At 1 January 2017	1,994,000
Amortisation charged for the year	216,000
At 31 December 2017	2,210,000
Carrying amount	
At 31 December 2017	1,008,591
At 31 December 2016	1,224,591

The company had no intangible fixed assets at 31 December 2017 or 31 December 2016.

CLEGG HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

11 Tangible fixed assets

Group	Freehold land and buildings	Leasehold land and buildings	Leasehold improvements	Plant and equipment	Fixtures and fittings	Computers	Motor vehicles	Total
	£	£	£	£	£	£	£	£
Cost or valuation								
At 1 January 2017	2,080,253	22,250	13,227	111,622	88,465	99,742	-	2,415,559
Additions	19,170	-	-	123,186	-	15,519	25,745	183,620
Disposals	(310,000)	-	-	-	-	-	-	(310,000)
At 31 December 2017	1,789,423	22,250	13,227	234,808	88,465	115,261	25,745	2,289,179
Depreciation and impairment								
At 1 January 2017	240,283	22,250	12,841	82,370	84,501	71,860	-	514,105
Depreciation charged in the year	28,727	-	386	20,480	619	15,267	5,900	71,379
Eliminated in respect of disposals	(39,425)	-	-	-	-	-	-	(39,425)
At 31 December 2017	229,585	22,250	13,227	102,850	85,120	87,127	5,900	546,059
Carrying amount								
At 31 December 2017	1,559,838	-	-	131,958	3,345	28,134	19,845	1,743,120
At 31 December 2016	1,839,970	-	386	29,252	3,964	27,882	-	1,901,454

The company had no tangible fixed assets assets at 31 December 2017 or 31 December 2016.

CLEGG HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

12 Fixed asset investments

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Investments in subsidiaries at cost less impairment	13	-	-	8,594,719	8,594,719
Movements in fixed asset investments					
Company					Shares in group undertakings £
Cost or valuation					
At 1 January 2017 and 31 December 2017					8,594,719
Carrying amount					
At 31 December 2017					8,594,719
At 31 December 2016					8,594,719

CLEGG HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2017****13 Subsidiaries**

Details of the company's subsidiaries at 31 December 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held
Clegg Accommodation Solutions Limited	United Kingdom	Builders and civil engineering contractors	Ordinary	100.00
Clegg Construction Limited	United Kingdom	Builders and civil engineering contractors	Ordinary	100.00
Clegg Food Projects Limited	United Kingdom	Builders and civil engineering contractors	Ordinary	100.00
Clegg Group Limited	United Kingdom	Builders and civil engineering contractors	Ordinary	100.00
Clegg Small Projects Limited	United Kingdom	Builders and civil engineering contractors	Ordinary	100.00
Clegg Special Projects Limited	United Kingdom	Dormant	Ordinary	100.00
D E Clegg Holdings Limited	United Kingdom	Holding Company	Ordinary	100.00
J.W.Engineering Limited	United Kingdom	Structural engineering	Ordinary	100.00
Nottsview Limited	United Kingdom	Builders and civil engineering contractors	Ordinary	100.00
Nutbrook Developments Limited	United Kingdom	Dormant	Ordinary	100.00
Clegg EBT Limited	United Kingdom	Dormant	Ordinary	100.00

14 Financial instruments

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Carrying amount of financial assets				
Debt instruments measured at amortised cost	14,993,312	11,605,188	n/a	n/a
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Carrying amount of financial liabilities				
Measured at amortised cost	22,133,782	21,064,042	n/a	n/a
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

As permitted by the reduced disclosure framework within FRS 102, the company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments, denoted by 'n/a' above.

CLEGG HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2017****15 Stocks**

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Properties held for sale	1,083,101	1,083,101	-	-

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stock recognised in cost of sales during the year as an expense was £nil (2016 - £nil).

16 Debtors

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	13,412,453	7,259,813	-	-
Amounts recoverable on long term contracts	2,243,586	3,541,616	-	-
Corporation tax recoverable	42,521	34,028	-	-
Amounts due from group undertakings	-	-	3,613,799	3,628,311
Other debtors	1,936,727	4,354,981	-	-
Prepayments and accrued income	97,388	13,368	-	-
	<u>17,732,675</u>	<u>15,203,806</u>	<u>3,613,799</u>	<u>3,628,311</u>

Included within group debtors is an amount of £848,874 (2016 - £713,564) relating to retentions due over 1 year.

CLEGG HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

17 Creditors: amounts falling due within one year

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans and overdrafts	19	374,097	512,501	-	120,834
Other borrowings	19	153,968	273,968	153,968	273,968
Trade creditors		16,572,975	16,035,640	-	-
Amounts due to group undertakings		-	-	10,470,392	9,753,214
Corporation tax payable		137,536	122,943	-	-
Other taxation and social security		1,099,348	874,758	-	-
Other creditors		3,726,009	3,894,137	1,689	2,784
Accruals and deferred income		669,233	347,796	-	-
		<u>22,733,166</u>	<u>22,061,743</u>	<u>10,626,049</u>	<u>10,150,800</u>

18 Creditors: amounts falling due after more than one year

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans and overdrafts	19	637,500	-	-	-
		<u>637,500</u>	<u>-</u>	<u>-</u>	<u>-</u>

Bank overdrafts are secured by way of cross guarantees over the assets of Clegg Holdings Limited group of companies.

For details of securities over bank and other loans, see note 19.

CLEGG HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

19 Loans and overdrafts

	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans	1,011,597	512,501	-	120,834
Other loans	153,968	273,968	153,968	273,968
	<u>1,165,565</u>	<u>786,469</u>	<u>153,968</u>	<u>394,802</u>
Payable within one year	528,065	786,469	153,968	394,802
Payable after one year	637,500	-	-	-
	<u>637,500</u>	<u>-</u>	<u>-</u>	<u>-</u>

The group has entered into loan arrangements during the year. The total amount outstanding at the year end was £1,011,597 (2016 - £391,667). £712,500 of these loans is secured over properties held for sale by the group and by way of cross guarantees over the assets of the group. The secured loan attracts interest at a rate of 2.25% above LIBOR.

20 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2017 £	Liabilities 2016 £
Group		
Accelerated capital allowances	7,032	19,317
	<u>7,032</u>	<u>19,317</u>

The company has no deferred tax assets or liabilities.

	Group 2017 £	Company 2017 £
Movements in the year:		
Liability at 1 January 2017	19,317	-
Credit to profit or loss	(12,285)	-
	<u>7,032</u>	<u>-</u>
Liability at 31 December 2017	7,032	-

CLEGG HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

21 Retirement benefit schemes

	2017	2016
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	484,276	404,766

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

22 Share capital

	Group and company	
	2017	2016
Ordinary share capital	£	£
Issued and fully paid		
4,796 Ordinary shares of £1 each	4,796	4,796

23 Reserves

Share premium

Includes the premium on issue of equity shares, net of any issue costs.

Capital redemption reserve

The capital redemption reserve contains the nominal value of own shares that have been acquired by the company and cancelled.

Own shares

The value of own shares represents the consideration paid by the Clegg Employee Benefit Trust (which is both sponsored by and ultimately controlled by Clegg Holdings Limited) to acquire shares of Clegg Holdings Limited. These shares are held by the Trust for the main purpose of fulfilling employee share options that have been granted under the rules of the Enterprise Management Incentive scheme.

Profit and loss reserves

Profit and loss account represents cumulative profit or losses, net of dividends paid and other adjustments.

CLEGG HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

24 Operating lease commitments

Lessee

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

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Within one year	91,502	155,675	-	-
Between two and five years	88,567	42,805	-	-
	<u>180,069</u>	<u>198,480</u>	<u>-</u>	<u>-</u>

CLEGG HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

25 Related party transactions

Key Management Personnel

Key Management personnel are deemed to be the directors of the group and the directors of the subsidiary companies. The total combined remuneration paid to key management personnel for the year was £766,390 (2016 - £861,439).

Companies under common control

At the balance sheet the group and company was owed £201,343 (2016 - £198,525) by Kew Medical Limited, a company in which K Anderson, S J Blackburn and S M Giltrap; directors of Clegg Holdings Limited; are directors. This amount is included within trade debtors.

26 Directors' transactions

During the year T S Richmond, a director of Clegg Holdings Limited, carried out consultancy work for the group. Total fees charged amounted to £18,000 (2016 - £16,500). During the year directors of the company received dividends of £184,742 (2016 - £177,038).

Transaction with shareholders

Included within debtors are amounts due from shareholders totalling £30,000 (2016 - £30,000).

27 Controlling party

Clegg Holdings Limited is controlled by its directors, who are the principal shareholders.

CLEGG HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2017****28 Cash generated from group operations**

	2017	2016
	£	£
Profit for the year after tax	536,077	206,721
Adjustments for:		
Taxation charged	151,401	116,556
Finance costs	27,552	43,599
Investment income	(3,141)	(6,701)
Loss on disposal of tangible fixed assets	22,734	24,047
Amortisation and impairment of intangible assets	216,000	216,000
Depreciation and impairment of tangible fixed assets	71,379	48,445
Movements in working capital:		
(Increase) in stocks	-	(12,732)
(Increase)/decrease in debtors	(2,174,114)	3,898,167
Increase/(decrease) in creditors	568,972	(1,850,248)
Cash (absorbed by)/generated from operations	(583,140)	2,683,854