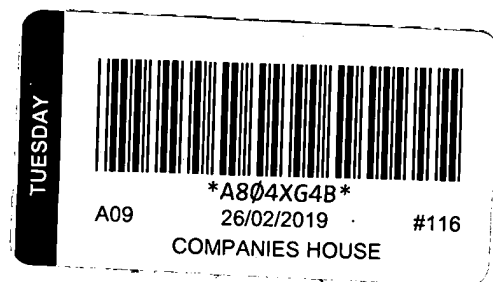


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**RENAKER BUILD LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 OCTOBER 2018**



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**RENAKER BUILD LIMITED**

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**COMPANY INFORMATION**

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<b>Director</b>	Mr D Whitaker
<b>Company secretary</b>	Mr M Shaw
<b>Registered number</b>	06600257
<b>Registered office</b>	1st Floor NQ Building 47 Bengal Street Manchester Lancashire M4 6BB
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 4 Hardman Square Spinningfields Manchester M3 3EB
<b>Bankers</b>	Santander Bridle Road Merseyside L30 44B

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**RENAKER BUILD LIMITED**

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## RENAKER BUILD LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 OCTOBER 2018

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#### Introduction

The director presents his strategic report for the year ended 31 October 2018.

#### Business review

The company's principal activity is design and construction services.

Whilst the current economic climate affecting the company's operations appears stable, albeit in a highly competitive market place, the current outlook and implications arising from the UK's exit from the European Union are uncertain.

The company's key contracts in progress are generally performing as planned/anticipated.

The company continues to negotiate key contract awards where the nature of the opportunity is aligned with its capability, capacity and aims.

The company has returned significant growth whilst maintaining net profit levels in the period to 31st October 2018.

Turnover in the period has increased by 36.6% (2017 9.8%) to £132.84m (2017: £97.26m).

Gross profit in the period equates to 8.7% (2017: 8.4%).

Net profit in the period equates to 3.4% (2017: 3.6%).

Net Assets held at year end sat at a solid and positive position of £11.49m (2017: £7.86m).

#### Principal risks and uncertainties

Risk management remains inherent in all operations and is given prominent place through the comprehensive project review process in place.

Pressure remains on industry output where demand on supply is driving increased costs. Ongoing review to carefully predict and account for movement in base/resource costs continues to be important.

Health & safety remains core to the company's business. The company continues to review and develop its health and safety management system on a continual improvement basis.

Credit risk remains nominal, no open facility and moderate asset finance on selective major plant and equipment assets.

A robust cashflow and cash collection system has ensured positive cashflow and improvement over the period.

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**RENAKER BUILD LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 OCTOBER 2018**

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**Financial key performance indicators**

The company has set key strategic targets for the year which include:

Turnover  
Gross Margin  
Overhead Level  
Recruitment of Key Staff  
Maintaining high standards of health and safety

**People**

The people employed by the company are its capability.

It is the capability of the staff employed by the company which is absolutely central to meeting business aims.

The recruitment of first class staff has successfully enabled the business to develop and supports plans for future growth in a stable and sustainable manner.

Further development of the organisational structure for the long term, combined with efficient and effective process, is important as ever moving forward.

The provision of appropriate reward, development of skills, training and good communication will retain talent and enhance both individual and organisational performance.

This report was approved by the board on *20th February 2019* and signed on its behalf.

  
**Mr D Whitaker**  
Director

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## RENAKER BUILD LIMITED

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### DIRECTOR'S REPORT FOR THE YEAR ENDED 31 OCTOBER 2018

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The director presents his report and the financial statements for the year ended 31 October 2018.

#### Director

The director who served during the year was:

Mr D Whitaker

#### Results and dividends

The profit for the year, after taxation, amounted to £3,629,043 (2017: £2,800,325).

No dividends will be distributed for the year ended 31 October 2018 (2017: £Nil).

#### Director's Responsibilities Statement

The director is responsible for preparing the Strategic Report, the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director 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, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 and profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

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**RENAKER BUILD LIMITED**

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**DIRECTOR'S REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 OCTOBER 2018**

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**Future developments**

The business is operating under letters of intent for two new projects which are expected to commence construction after the year end.

**Qualifying third party indemnity provisions**

Insurance policies are in place that indemnify the director against liability when acting for Renaker Build Limited.

**Matters covered in the strategic report**

Risks and uncertainty relating to the business are detailed in the Strategic Report owing to the strategic importance of the information.

**Disclosure of information to auditor**

The director confirms that:

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

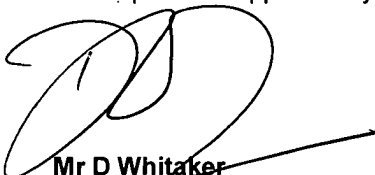
**Post balance sheet events**

There have been no significant events affecting the company since the year end.

**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 on *20th February 2019* and signed on its behalf.



**Mr D Whitaker**  
Director



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
RENAKER BUILD LIMITED**

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**Opinion**

We have audited the financial statements of Renaker Build Limited (the 'company') for the year ended 31 October 2018, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the 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 Financial Reporting Standard 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 company's affairs as at 31 October 2018 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.

**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 United Kingdom, including the Financial Reporting Council'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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 TO THE MEMBERS OF  
RENAKER BUILD LIMITED (CONTINUED)**

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**Other information**

The director is responsible for the other information. The other information comprises the information included in the Director's Report and the Strategic 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 the audit:

- the information given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Director's Report have been prepared in accordance with applicable legal requirements.

**Matter on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Director's Report.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which 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 director's 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 TO THE MEMBERS OF  
RENAKER BUILD LIMITED (CONTINUED)**

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**Responsibilities of director for the financial statements**

As explained more fully in the Director's Responsibilities Statement on page 3, the director is 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 director determines 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 director is responsible for assessing the 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 director either intend to liquidate the 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: [www.frc.org.uk/auditorsresponsibilities](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.

*Grant Thornton UK LLP*

Stuart Muskett  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Chartered Accountants, Statutory Auditor  
Manchester  
Date: *20 February 2019*

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**RENAKER BUILD LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 OCTOBER 2018**

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	Note	2018 £	2017 £
Turnover	4	132,839,863	97,263,245
Cost of sales		(121,159,307)	(89,063,191)
<b>Gross profit</b>		<b>11,680,556</b>	<b>8,200,054</b>
Administrative expenses		(7,027,071)	(4,583,558)
<b>Operating profit</b>	5	<b>4,653,485</b>	<b>3,616,496</b>
Interest receivable and similar income	9	2,193	596
Interest payable and similar expenses	10	(80,988)	(104,571)
<b>Profit before tax</b>		<b>4,574,690</b>	<b>3,512,521</b>
Tax on profit	11	(945,647)	(712,196)
<b>Profit and total comprehensive income for the financial year</b>		<b>3,629,043</b>	<b>2,800,325</b>

There was no other comprehensive income for 2018 (2017:£Nil).

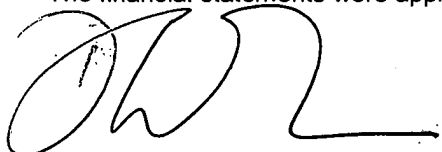
The notes on pages 12 to 29 form part of these financial statements.

**RENAKER BUILD LIMITED**  
**REGISTERED NUMBER:06600257**

**BALANCE SHEET**  
**AS AT 31 OCTOBER 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	12	4,431,680	4,934,431
<b>Current assets</b>			
Debtors	13	23,596,396	18,302,000
Cash at bank and in hand	14	9,710,636	19,388,811
		<u>33,307,032</u>	<u>37,690,811</u>
Creditors: amounts falling due within one year	15	(22,463,755)	(32,131,702)
<b>Net current assets</b>		<u>10,843,277</u>	<u>5,559,109</u>
<b>Total assets less current liabilities</b>		<u>15,274,957</u>	<u>10,493,540</u>
Creditors: amounts falling due after more than one year	16	(3,782,057)	(2,495,761)
<b>Provisions for liabilities</b>			
Deferred tax	20	-	(133,922)
		<u>-</u>	<u>(133,922)</u>
<b>Net assets</b>		<u><u>11,492,900</u></u>	<u><u>7,863,857</u></u>
<b>Capital and reserves</b>			
Called up share capital	21	10	10
Profit and loss account	22	11,492,890	7,863,847
		<u><u>11,492,900</u></u>	<u><u>7,863,857</u></u>

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



**Mr D Whitaker**  
Director

20th February 2019

The notes on pages 12 to 29 form part of these financial statements.

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RENAKER BUILD LIMITED

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STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 OCTOBER 2018

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	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 November 2017	10	7,863,847	7,863,857
<b>Comprehensive income for the year</b>			
Profit for the year	-	3,629,043	3,629,043
<b>Total comprehensive income for the year</b>	-	3,629,043	3,629,043
<b>At 31 October 2018</b>	10	11,492,890	11,492,900

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 OCTOBER 2017

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	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 November 2016	10	5,063,522	5,063,532
<b>Comprehensive income for the year</b>			
Profit for the year	-	2,800,325	2,800,325
<b>Total comprehensive income for the year</b>	-	2,800,325	2,800,325
<b>At 31 October 2017</b>	10	7,863,847	7,863,857

The notes on pages 12 to 29 form part of these financial statements.

**RENAKER BUILD LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 OCTOBER 2018**

	2018 £	2017 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	3,629,043	2,800,325
<b>Adjustments for:</b>		
Depreciation of tangible assets	1,352,789	1,124,472
Profit on disposal of fixed assets	(5,367)	(13,559)
Interest paid	80,988	104,571
Interest received	(2,193)	(596)
Taxation charge	945,647	712,196
Increase in debtors	(5,122,918)	(6,325,241)
(Decrease)/increase in creditors	(7,992,786)	18,132,557
Corporation tax paid	(803,584)	(898,379)
<b>Net cash (used in)/generated from operating activities</b>	<b>(7,918,381)</b>	<b>15,636,346</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(901,256)	(4,035,583)
Sale of tangible fixed assets	56,587	35,739
Interest received	2,193	596
<b>Net cash used in investing activities</b>	<b>(842,476)</b>	<b>(3,999,248)</b>
<b>Cash flows from financing activities</b>		
New finance leases	406,440	3,011,314
Finance leases repayment	(1,242,770)	(1,006,022)
Interest paid	(80,988)	(104,571)
<b>Net cash (used in)/generated from financing activities</b>	<b>(917,318)</b>	<b>1,900,721</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(9,678,175)</b>	<b>13,537,819</b>
Cash and cash equivalents at beginning of year	19,388,811	5,850,992
<b>Cash and cash equivalents at the end of year</b>	<b>9,710,636</b>	<b>19,388,811</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	9,710,636	19,388,811
	<b>9,710,636</b>	<b>19,388,811</b>

The notes on pages 12 to 29 form part of these financial statements.

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## RENAKER BUILD LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018

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#### 1. General information

Renaker Build Limited is a private company limited by shares and incorporated in England and Wales. Its registered head office and principal place of business is located at 1st Floor, Nq Building 47 Bengal Street, Manchester, Lancashire, M4 6BB.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The presentational and functional currency of the company is pounds sterling (£).

The following principal accounting policies have been applied:

##### 2.2 Going concern

Having considered long term forecasts for the business, the director considers that there will be sufficient resources to continue as a going concern for the foreseeable future, being a period of at least 12 months from the date of signing these financial statements.

##### 2.3 Turnover

Turnover represents the net invoiced value of contracts, excluding value added tax and with an adjustment made for the provision of income either in advance or arrears for the relative state of completion of each contract undertaken by the company at the balance sheet date. Turnover on long term construction projects is recognised in accordance with the stage of completion for each project which is measured on a cost plus margin basis.

Full provision is made for losses on all contracts in the period in which the loss is first foreseen. Where the outcome of a contract can't be estimated reliably, turnover is recognised only to the extent of costs incurred that it is probable will be recoverable. Costs are recognised in the period to which they relate.

##### 2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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## RENAKER BUILD LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018

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#### 2. Accounting policies (continued)

##### 2.4 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Plant and machinery	-	25%
Motor vehicles	-	25%
Fixtures and fittings	-	25%
Computer equipment	-	25%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Profits and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

##### 2.5 Hire purchase and leasing commitments

Finance leases are those where substantially all the risk and benefits of ownership are assumed by the company. Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the Statement of Comprehensive Income over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

##### 2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### 2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.



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## RENAKER BUILD LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018

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#### 2. Accounting policies (continued)

##### 2.8 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### 2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### 2.10 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

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**RENAKER BUILD LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2018**

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**2. Accounting policies (continued)**

**2.11 Operating leases: the company as lessee**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 November 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease.

**2.12 Pensions**

**Defined contribution pension plan**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the company in independently administered funds.

**2.13 Interest receivable and similar income**

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

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## RENAKER BUILD LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018

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#### 2. Accounting policies (continued)

##### 2.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

#### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates.

The margin applied to costs incurred is based upon management estimates of costs to complete contracts and any contract variations that may be agreed. These expected future costs will fluctuate as the project progresses and more information is available.

#### 4. Turnover

All turnover, in both the current and prior year, arose from construction projects within the United Kingdom.

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RENAKER BUILD LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2018

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**5. Operating profit**

The operating profit is stated after charging:

	2018 £	2017 £
Plant hire	757,167	708,309
Depreciation - owned assets	403,863	184,125
Depreciation - assets on hire purchase contracts	948,926	940,346
Profit on disposal of fixed assets	(5,367)	(13,559)
Other operating leases	202,159	162,828
	<u>202,159</u>	<u>162,828</u>

**6. Auditor's remuneration**

	2018 £	2017 £
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	26,750	24,000
<b>Fees payable to the company's auditor and its associates in respect of:</b>		
Accounting services	1,000	1,000
Taxation compliance	1,650	2,500
All other taxation advisory services	68,495	92,099
	<u>71,145</u>	<u>95,599</u>

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**RENAKER BUILD LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2018**

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**7. Employees**

Staff costs, including director's remuneration, were as follows:

	2018 £	2017 £
Wages and salaries	8,621,604	6,655,932
Social security costs	739,123	747,245
Cost of defined contribution scheme	186,829	191,385
	<u>9,547,556</u>	<u>7,594,562</u>

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

	2018 No.	2017 No.
Management	4	4
Administration	54	50
Construction	78	83
	<u>136</u>	<u>137</u>

Total remuneration paid to key management personnel in the year was £3,119,018 (2017: £1,102,054).

**8. Director's remuneration**

	2018 £	2017 £
Director's emoluments	133,804	53,359
Company contributions to defined contribution pension schemes	1,502	456

During the year retirement benefits were accruing to 1 director (2017: 1) in respect of defined contribution pension schemes.

**9. Interest receivable and similar income**

	2018 £	2017 £
Other interest receivable	<u>2,193</u>	<u>596</u>

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RENAKER BUILD LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2018

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10. Interest payable and similar expenses

	2018 £	2017 £
Bank interest	-	30,768
Hire purchase interest	80,988	73,803
	<u>80,988</u>	<u>104,571</u>

11. Taxation

	2018 £	2017 £
<b>Corporation tax</b>		
Current tax on profits for the year	1,230,404	695,251
Adjustments in respect of previous periods	20,645	41,952
	<u>1,251,049</u>	<u>737,203</u>
<b>Total current tax</b>	<u>1,251,049</u>	<u>737,203</u>
<b>Deferred tax</b>		
Timing differences	(305,402)	(25,007)
<b>Total deferred tax</b>	<u>(305,402)</u>	<u>(25,007)</u>
<b>Taxation on profit on ordinary activities</b>	<u>945,647</u>	<u>712,196</u>

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RENAKER BUILD LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
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11. Taxation (continued)

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2017: higher than) the standard rate of corporation tax in the UK of 19% (2017: 19.41%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>4,574,690</u>	<u>3,512,521</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.41%)	869,191	681,780
Effects of:		
Expenses not deductible for tax purposes	19,881	12,007
Adjustments to tax charge in respect of prior periods	20,645	41,952
Deferred tax	35,930	(23,543)
<b>Total tax charge for the year</b>	<u>945,647</u>	<u>712,196</u>

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**RENAKER BUILD LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**12. Tangible fixed assets**

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>					
At 1 November 2017	6,805,347	120,028	81,034	249,122	7,255,531
Additions	851,195	15,890	2,992	31,179	901,256
Disposals	(69,000)	(29,239)	-	(2,443)	(100,682)
At 31 October 2018	<u>7,587,542</u>	<u>106,679</u>	<u>84,026</u>	<u>277,858</u>	<u>8,056,105</u>
<b>Depreciation</b>					
At 1 November 2017	2,096,729	56,613	49,910	117,848	2,321,100
Charge for the year	1,292,443	14,888	7,619	37,839	1,352,789
Disposals	(36,959)	(10,963)	-	(1,542)	(49,464)
At 31 October 2018	<u>3,352,213</u>	<u>60,538</u>	<u>57,529</u>	<u>154,145</u>	<u>3,624,425</u>
<b>Net book value</b>					
At 31 October 2018	<u><u>4,235,329</u></u>	<u><u>46,141</u></u>	<u><u>26,497</u></u>	<u><u>123,713</u></u>	<u><u>4,431,680</u></u>
At 31 October 2017	<u><u>4,708,618</u></u>	<u><u>63,415</u></u>	<u><u>31,124</u></u>	<u><u>131,274</u></u>	<u><u>4,934,431</u></u>

Plant and machinery with a net book value of £3,087,235 (2017: £3,237,571) are held under finance leases.



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RENAKER BUILD LIMITED

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**13. Debtors**

	2018 £	2017 £
Trade debtors	8,186,509	3,818,544
Other debtors	649,204	478,326
Prepayments	1,563,916	1,508,366
Accrued income	12,374,964	12,000,000
VAT	650,323	496,764
Deferred taxation	171,480	-
	<u>23,596,396</u>	<u>18,302,000</u>

Included above within trade debtors is £7,577,584 (2017: £3,748,284) of related party balances.

Included above within other debtors is £579,232 (2017: £216,959) of related party balances.

Included above within accrued income is £12,374,964 (2017: £12,000,000) of related party balances.

See note 25 for further details.

**14. Cash and cash equivalents**

	2018 £	2017 £
Cash at bank and in hand	<u>9,710,636</u>	<u>19,388,811</u>

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RENAKER BUILD LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2018

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

	2018 £	2017 £
Trade creditors	4,387,658	3,644,861
Corporation tax	873,490	426,024
Other taxation and social security	332,759	305,838
Obligations under finance lease and hire purchase contracts (see note 17)	620,955	1,165,760
Other creditors	166,460	180,754
Accruals	16,082,433	25,415,432
Deferred income	-	993,033
	<u>22,463,755</u>	<u>32,131,702</u>

Included above within trade creditors is £322,329 (2017: £90,000) of related party balances.

Included above within accruals is £3,500,000 (2017: £11,160,000) of related party balances.

See note 25 for further details.

**16. Creditors: Amounts falling due after more than one year**

	2018 £	2017 £
Retentions payable	2,683,388	1,105,566
Hire purchase contracts (see note 17)	1,098,669	1,390,195
	<u>3,782,057</u>	<u>2,495,761</u>

All hire purchase liabilities are secured against the assets to which they relate.

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RENAKER BUILD LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2018

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**17. Leasing agreements**

Minimum lease payments under hire purchase fall due as follows:

	2018 £	2017 £
Gross obligation repayable:		
Within one year	664,474	1,241,155
Between one and five years	1,192,911	1,500,197
	<u>1,857,385</u>	<u>2,741,352</u>
	2018 £	2017 £
Finance charges repayable:		
Within one year	43,519	75,395
Between one and five years	94,243	109,887
	<u>137,762</u>	<u>185,282</u>
	2018 £	2017 £
Net obligation payable:		
Within one year	620,955	1,165,760
Between one and five years	1,098,669	1,390,195
	<u>1,719,624</u>	<u>2,555,955</u>

**18. Secured Debts**

	2018 £	2017 £
Hire purchase contracts	<u>1,719,624</u>	<u>2,555,955</u>

The hire purchase creditors are secured on the assets to which they relate.

A debenture was executed on 17 September 2015 and this was secured by a fixed and floating charge over the assets of the company.

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RENAKER BUILD LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2018

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19. Financial instruments

	2018 £	2017 £
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<u>30,921,313</u>	<u>35,649,843</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(25,039,563)</u>	<u>(32,902,565)</u>

Financial assets that are debt instruments measured at amortised cost comprise cash, trade and other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade and other creditors, accruals and obligations under finance leases.

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**20. Deferred taxation**

	2018 £	2017 £
Deferred tax	(133,922)	(158,929)
Charged to profit or loss	305,402	25,007
<b>At end of year</b>	<b>171,480</b>	<b>(133,922)</b>

The deferred taxation balance is made up as follows:

	2018 £	2017 £
Fixed asset timing differences	(83,520)	(133,922)
Short term timing differences	255,000	-
	<b>171,480</b>	<b>(133,922)</b>

**21. Share capital**

	2018 £	2017 £
Shares classified as equity		
<b>Allotted, called up and fully paid</b>		
10 Ordinary shares of £1 each	<b>10</b>	<b>10</b>

**22. Reserves**

**Profit and loss account**

Includes all current and prior periods retained profits and losses.

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RENAKER BUILD LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
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**23. Capital commitments**

At 31 October 2018 the company had capital commitments as follows:

	2018 £	2017 £
Contracted but not provided in the financial statements	-	691,961

**24. 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 £186,829 (2017: £191,385). Contributions totalling £31,922 (2017: £30,674) were payable to the fund at the balance sheet date and are included in creditors.

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RENAKER BUILD LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2018

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**25. Related party transactions**

**Mr D Whitaker**

Director and shareholder of the company.

During the course of the year the company traded with the sole director by way of a director's loan account. The balance owed by the director at the start of the year was £35,839 (2017: £12,493). During the course of the year the director made withdrawals of £6,748 (2017: £48,332). The balance owed by the director at the end of the year was £42,587 (2017: owed by the director £35,839). The balance has been provided to the company on an interest free basis and is repayable on demand.

Mr D Whitaker provided a personal guarantee against amounts payable under hire purchase obligations which had a carrying value of £127,423 (2017: £611,394) at year end.

**Other related party balances and transactions**

The below receivable/(payable), accrued income/(deferred income) and prepayment/(accrual) balances are held with companies under the common control of Mr D Whitaker:

	2018 £	2017 £
Baird Street Developments	-	3,581
Baird Street Investments Limited	-	2,116
Castlefield Developments (Manchester) Limited	(38,655)	(180,500)
Chapel Street Developments Ltd	-	396
CQ Investments Limited	-	24,289
Crown Street Developments 1 Ltd	5,880,320	-
ETF Northern Limited	302,610	588,487
FQ Developments Limited	10,320,596	15,187,421
GG Park Limited	11,491	100
Irwell Developments Limited	62,634	62,634
JQ Developments Limited	-	1,208
LQ Developments Limited	-	21
Pinnacle Developments (NW) Ltd	25,000	25,000
QMS (NW) Ltd	(3,500,000)	(11,160,000)
RM Developments (Manchester) Ltd	1,410	29,425
RM Fairbairn Residential Ltd	180	180
RM McConnell Residential Ltd	180	180
RM Sedgwick Residential Ltd	180	180
VQ Investments Limited	(30,000)	(90,000)
WB Developments (Salford) Limited	-	4,851
YQ Developments Limited	3,673,505	(812,558)

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**RENAKER BUILD LIMITED**

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**Related party transactions (continued)**

The following transactions occurred during the year with companies under common control of Mr D Whitaker:

	2018 £	2017 £
<b>Revenue</b>		
Baird Street Developments Limited	228	2,517
Baird Street Investments Limited	-	1,121
Castlefield Developments (Manchester) Limited	1,275,048	1,441,607
Crown Street Developments 1 Ltd	5,880,320	-
CS Developments (Manchester) Limited	-	562,926
ETF Northern Limited	482,370	94,658
FQ Developments Limited	87,172,988	44,396,531
GG Park Limited	11,491	-
LQ Developments Limited	-	15,075,085
Pinnacle Developments (NW) Limited	-	2,725,245
RM Developments (Manchester) Limited	41,305	-
WB Developments (Salford) Limited	-	14,010,443
YQ Developments Limited	38,108,230	18,448,500
<b>Expenses</b>		
Baird Street Developments Limited	3,809	-
Baird Street Investments Limited	2,116	-
Castlefield Developments (Manchester) Limited	9,900	-
Chapel Street Developments Ltd	396	624
ETF Northern Limited	2,954,894	1,212,382
GG Park Limited	100	100
JQ Developments Limited	1,208	396
QMS (NW) Ltd	25,500,000	11,160,000
VQ Investments Limited	100,000	170,000

**Revenue** relates to the provision of design and construction services to companies under the common control of Mr D Whitaker.

**Expenses** relate to the provision of advice and construction services by companies under the common control of Mr D Whitaker.

**26. Ultimate Controlling party**

The ultimate controlling party is Mr D Whitaker.