

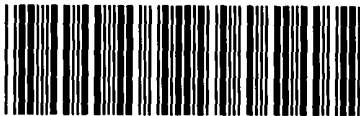
Registered number: NI009882

Ards Holdings Limited

Annual report and financial statements

For the year ended 31 December 2016

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Ards Holdings Limited

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Ards Holdings Limited

Company Information

| | |
|-----------------------------|--|
| Directors | R Hutchinson G Hughes R Gilroy |
| Company secretary | R Hutchinson |
| Registered number | NI009882 |
| Registered office | 47 Boucher Road Belfast BT12 6HR |
| Independent auditors | PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Waterfront Plaza 8 Laganbank Road Belfast BT1 3LR |
| Bankers | Danske Bank Donegall Square West Belfast BT1 6JS |
| Solicitors | Pinsent Masons LLP Arnott House 12-16 Bridge Street Belfast BT1 1LS |

Ards Holdings Limited

Group strategic report For the year ended 31 December 2016

The directors present their Strategic report on the group for the year ended 31 December 2016.

Principal activities

The group is engaged principally in the construction industry, operating in markets throughout the UK, Ireland and Europe. The group is also involved in both retail and commercial fit-outs, with further turnover emanating from the sale of conservatories and sunrooms.

Business review

The company has performed strongly this year and the directors are pleased to report a further increase in activity, reflected in turnover of £148,003,608 (2015: £117,327,969). This increase in turnover has been the result of successful targeting of key markets, particularly in Great Britain, together with a continued focus on client relationships leading to further repeat business. The directors are pleased with the underlying performance of the company which shows operating profit of £1,496,136 (2015: £167,933).

An interim dividend of £76,440 was paid to shareholders during the year (2015 : £76,845)

The directors would like to record their appreciation of the effort contributed by all staff during 2016. The company's success is due to the loyal and dedicated people working in it and we will continue to invest in our staff, recognising their critical importance to the company's strategy going forward.

Principal risks and uncertainties

The directors consider the key business risks which could impact on the performance of the group are increased shortages of skilled labour and long lead times for key material supplies, particularly in Great Britain.

Financial key performance indicators

The directors have determined that the following key performance indicators are the most effective measures to evaluate the performance of the business:

| | 2016 | 2015 |
|---------------------------------|---------|---------|
| Turnover £'000 | 148,004 | 117,328 |
| Profit before taxation £'000 | 1,401 | 197 |
| Total shareholders' funds £'000 | 8,982 | 8,337 |
| Employee numbers | 175 | 153 |

Future developments

Whilst market conditions remain highly competitive, the directors are encouraged by the current order book and anticipate a further significant increase in turnover in 2017. The strategic focus on further developing the business in Great Britain has led to an increase in tender opportunities which will ensure continued growth in the medium term.

This report was approved by the board on 7 June 2017 and signed on its behalf.


R Hutchinson
Company Secretary

Ards Holdings Limited

Directors' report

For the year ended 31 December 2016

The directors present their annual report and the audited group and company financial statements (the financial statements) for the year ended 31 December 2016.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 satisfied that they give a true and fair view of the state of affairs of the Company and the Group 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 will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. The directors also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The company has third party indemnity insurance in place for its directors.

Results and dividends

The profit for the financial year, after taxation, amounted to £1,905,404 (2015 : £90,970).

An interim dividend of £76,440 was paid to shareholders during the year (2015 : £76,845).

Future developments

The section of future developments, which is detailed in the Strategic report, is included in this report by cross reference.

Directors

The directors who served during the year and up to the date of signing the financial statements were:

R Hutchinson
G Hughes
R Gilroy

Political contributions

No donations for political purposes were made during the year (2015 - £nil).

Ards Holdings Limited

Directors' report

For the year ended 31 December 2016

Environment

The group recognises its corporate responsibility to carry out its operations whilst minimising environmental impacts. The directors' continued aim is to comply with all applicable environmental legislation, prevent pollution and reduce waste wherever possible.

Health and safety

The group is committed to achieving the highest practicable standards in health and safety management and strives to make all sites and offices safe environments for employees and customers alike.

Human resources

The group's most important resource is its people; their knowledge and experience is crucial to meeting customer requirements. Retention of key staff is critical and the group has invested increasingly in employment training and development.

Financial risk management

The group's operations expose it to a variety of financial risks that include foreign exchange risk, credit risk, liquidity risk and interest rate risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group.

Given the size of the group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the group's finance department.

Foreign exchange risk

While the greater part of the group's turnover and expenses are denominated in sterling, the group is exposed to some foreign exchange risk in the normal course of business, principally on sales in euros. Where appropriate, the group uses financial instruments to hedge foreign exchange exposure.

Credit risk

The group carries out, where appropriate, credit checks on potential customers before sales are made.

Liquidity risk

The group has no debt finance, but has arrangements in place that are designed to ensure the group has sufficient available funds for operations.

Interest rate risk

The group has interest bearing assets which include cash balances which earn interest at variable rates. The group has a policy of keeping a mixture of these cash balances at fixed rates, and others at variable rate as appropriate. This policy is reviewed on a regular basis.

Disclosure of information to auditors

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

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

Ards Holdings Limited

**Directors' report
For the year ended 31 December 2016**

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 7 June 2017 and signed on its behalf.

A handwritten signature in black ink, appearing to be 'R Hutchinson', with a stylized, flowing script.

R Hutchinson
Company Secretary

Independent auditors' report to the members of Ards Holdings Limited

Report on the financial statements

Our opinion

In our opinion Ards Holdings Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2016 and of the group's profit and cash flows 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.
-

What we have audited

The financial statements, included within the Annual Report, comprise:

- the Consolidated and company balance sheets as at 31 December 2016;
- the Consolidated statement of comprehensive income for the year ended;
- the Consolidated statement of cash flows for the year then ended;
- the Consolidated and Company statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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 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.

In addition, in light of the knowledge and understanding of the group, the company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic report and the Directors' report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Ards Holdings Limited

Independent auditors' report to the members of Ards Holdings Limited

Directors' remuneration

Under the Companies Act 2006 we are required to report if, in our opinion, certain disclosures of directors' remuneration specified by law have not been made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK & Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

Ards Holdings Limited

Independent auditors' report to the members of Ards Holdings Limited

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' report, we consider whether those reports include the disclosures required by applicable legal requirements.



Orla MacAllister (Senior statutory auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Waterfront Plaza
8 Laganbank Road
Belfast
BT1 3LR

7 June 2017

Ards Holdings Limited

**Consolidated statement of comprehensive income
For the year ended 31 December 2016**

| | Note | 2016 £ | 2015 £ |
|--|------|--------------------|------------------|
| Turnover | 2,5 | 148,003,613 | 117,327,969 |
| Cost of sales | | (140,071,609) | (112,503,216) |
| Gross profit | | 7,932,004 | 4,824,753 |
| Administrative expenses | | (6,435,868) | (4,656,820) |
| Operating profit | 6 | 1,496,136 | 167,933 |
| Amounts written off investments | | (133,130) | - |
| Interest receivable and similar income | | 39,961 | 31,371 |
| Interest payable and similar charges | 9 | (1,813) | (2,198) |
| Profit on ordinary activities before taxation | | 1,401,154 | 197,106 |
| Taxation on profit on ordinary activities | 10 | 489,584 | (109,580) |
| Profit for the financial year | | 1,890,738 | 87,526 |
| Actuarial (losses)/gains on defined benefit pension scheme | | (1,353,000) | 541,000 |
| Movement of deferred tax relating to pension (surplus)/deficit | | 239,280 | (61,800) |
| Deferred tax movement on revalued property | | (55,692) | - |
| Other comprehensive income for the year | | (1,169,412) | 479,200 |
| Total comprehensive income for the year | | 721,326 | 566,726 |

Ards Holdings Limited
Registered number: NI009882

Consolidated balance sheet
As at 31 December 2016

| | Note | 2016 £ | 2015 £ |
|---|------|-------------------------|-------------------------|
| Fixed assets | | | |
| Tangible assets | 13 | 1,079,956 | 1,114,245 |
| Investments | 14 | - | 135,250 |
| | | <u>1,079,956</u> | <u>1,249,495</u> |
| Current assets | | | |
| Stocks | 16 | 61,859 | 27,709 |
| Debtors: Amounts falling due within one year | 17 | 20,332,864 | 13,783,714 |
| Cash at bank and in hand | 18 | 18,444,454 | 15,538,197 |
| | | <u>38,839,177</u> | <u>29,349,620</u> |
| Creditors: Amounts falling due within one year | 19 | (29,889,140) | (22,559,340) |
| Net current assets | | <u>8,950,037</u> | <u>6,790,280</u> |
| Total assets less current liabilities | | <u>10,029,993</u> | <u>8,039,775</u> |
| Creditors: Amounts falling due after more than one year | 20 | (4,384) | (12,052) |
| Net assets excluding pension (liability)/asset | | <u>10,025,609</u> | <u>8,027,723</u> |
| Pension (liability)/asset | 26 | (1,044,000) | 309,000 |
| Net assets | | <u><u>8,981,609</u></u> | <u><u>8,336,723</u></u> |
| Capital and reserves | | | |
| Called up share capital | 24 | 108,000 | 108,000 |
| Revaluation reserve | | 1,034,962 | 1,034,962 |
| Capital redemption reserve | | 42,000 | 42,000 |
| Profit and loss account | | 7,796,647 | 7,151,761 |
| Total shareholders' funds | | <u><u>8,981,609</u></u> | <u><u>8,336,723</u></u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 7 June 2017.


R Hutchinson
 Director

The notes on pages 15 to 36 form part of these financial statements.

Ards Holdings Limited
Registered number: NI009882

Company balance sheet
As at 31 December 2016

| | Note | 2016 £ | (As restated) 2015 £ |
|--|------|--------------------|----------------------------|
| Fixed assets | | | |
| Investments | 14 | 615,691 | 615,691 |
| | | <u>615,691</u> | <u>615,691</u> |
| Current assets | | | |
| Debtors: Amounts falling due within one year | 17 | 253,091 | 70,630 |
| Cash at bank and in hand | 18 | 562,614 | 499,885 |
| | | <u>815,705</u> | <u>570,515</u> |
| Creditors: Amounts falling due within one year | 19 | (1,524,527) | (1,368,518) |
| Net current liabilities | | <u>(708,822)</u> | <u>(798,003)</u> |
| Total assets less current liabilities | | <u>(93,131)</u> | <u>(182,312)</u> |
| Provisions for liabilities | | | |
| Deferred taxation | 23 | - | (61,800) |
| | | <u>-</u> | <u>(61,800)</u> |
| Net current liabilities | | <u>(93,131)</u> | <u>(244,112)</u> |
| Pension liability/asset | 26 | (1,044,000) | 309,000 |
| Net (liabilities) / assets | | <u>(1,137,131)</u> | <u>64,888</u> |
| Capital and reserves | | | |
| Called up share capital | 24 | 108,000 | 108,000 |
| Revaluation reserve | | 288,436 | 288,436 |
| Capital redemption reserve | | 42,000 | 42,000 |
| Profit and loss account | | (1,575,567) | (373,548) |
| Total shareholders' (deficit) / funds | | <u>(1,137,131)</u> | <u>64,888</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 7 June 2017


R Hutchinson
 Director

The notes on pages 15 to 36 form part of these financial statements.

Ards Holdings Limited

**Consolidated statement of changes in equity
As at 31 December 2016**

| | Called up share capital £ | Capital redemption reserve £ | Revaluation reserve £ | Retained earnings £ | Total shareholders' funds £ |
|---|------------------------------------|---------------------------------------|-----------------------------|---------------------------|--------------------------------------|
| At 1 January 2016 | 108,000 | 42,000 | 1,034,962 | 7,151,761 | 8,336,723 |
| Profit for the year | - | - | - | 1,890,738 | 1,890,738 |
| Actuarial losses on pension scheme | - | - | - | (1,353,000) | (1,353,000) |
| Deferred tax movements | - | - | - | 183,588 | 183,588 |
| Total comprehensive income for the year | - | - | - | 721,326 | 721,326 |
| Contributions by and distributions to owners | | | | | |
| Dividends: Equity capital | - | - | - | (76,440) | (76,440) |
| Total contributions by and distributions to owners recognised directly in equity | - | - | - | (76,440) | (76,440) |
| At 31 December 2016 | 108,000 | 42,000 | 1,034,962 | 7,796,647 | 8,981,609 |

**Consolidated statement of changes in equity
As at 31 December 2015**

| | Called up share capital £ | Capital redemption reserve £ | Revaluation reserve £ | Retained earnings £ | Total shareholders' funds £ |
|---|------------------------------------|---------------------------------------|-----------------------------|---------------------------|--------------------------------------|
| At 1 January 2015 (as previously stated) | 108,000 | 42,000 | 1,034,962 | 7,134,265 | 8,319,227 |
| Prior year adjustment | - | - | - | (46,400) | (46,400) |
| At 1 January 2015 (as restated) | 108,000 | 42,000 | 1,034,962 | 7,087,865 | 8,272,827 |
| Profit for the year | - | - | - | 87,526 | 87,526 |
| Actuarial gains on pension scheme | - | - | - | 541,000 | 541,000 |
| Deferred tax movements | - | - | - | (61,800) | (61,800) |
| Total comprehensive income for the year | - | - | - | 566,726 | 566,726 |
| Contributions by and distributions to owners | | | | | |
| Dividends: Equity capital | - | - | - | (76,845) | (76,845) |
| Movement in shares held by employee share trust | - | - | - | (425,985) | (425,985) |
| At 31 December 2015 | 108,000 | 42,000 | 1,034,962 | 7,151,761 | 8,336,723 |

The notes on pages 15 to 36 form part of these financial statements.

Ards Holdings Limited

**Company statement of changes in equity
As at 31 December 2016**

| | Called up share capital £ | Capital redemption reserve £ | Revaluation reserve £ | Retained earnings £ | Total shareholders' funds £ |
|------------------------------------|------------------------------------|---------------------------------------|-----------------------------|---------------------------|--------------------------------------|
| At 1 January 2016 (As restated) | 108,000 | 42,000 | 288,436 | (373,548) | 64,888 |
| Loss for the year | - | - | - | (11,859) | (11,859) |
| Actuarial losses on pension scheme | - | - | - | (1,353,000) | (1,353,000) |
| Deferred tax movements | - | - | - | 239,280 | 239,280 |
| Dividends: Equity capital | - | - | - | (76,440) | (76,440) |
| At 31 December 2016 | 108,000 | 42,000 | 288,436 | (1,575,567) | (1,137,131) |

**Company statement of changes in equity
As at 31 December 2015**

| | Called up share capital £ | Capital redemption reserve £ | Revaluation reserve £ | Profit and loss account £ | Total shareholders' funds £ |
|---|------------------------------------|---------------------------------------|-----------------------------|------------------------------------|--------------------------------------|
| At 1 January 2015 (as previously stated) | 108,000 | 42,000 | 288,436 | (114,474) | 323,962 |
| Prior year adjustment | - | - | - | (232,000) | (232,000) |
| At 1 January 2015 (as restated) | 108,000 | 42,000 | 288,436 | (346,474) | 91,962 |
| Loss for the year | - | - | - | (3,444) | (3,444) |
| Prior year FRS 102 pension adjustment | - | - | - | 541,000 | 541,000 |
| Deferred tax movements | - | - | - | (61,800) | (61,800) |
| Contributions by and distributions to owners | | | | | |
| Dividends: Equity capital | - | - | - | (76,845) | (76,845) |
| Movement in shares held by employee share trust | - | - | - | (425,985) | (425,985) |
| At 31 December 2015 (As restated) | 108,000 | 42,000 | 288,436 | (373,548) | 64,888 |

The notes on pages 15 to 36 form part of these financial statements.

Ards Holdings Limited

**Consolidated statement of cash flows
For the year ended 31 December 2016**

| | 2016 £ | 2015 £ |
|---|-------------------|-------------------|
| Cash flows generated from operating activities | | |
| Profit for the financial year | 1,890,738 | 87,526 |
| Adjustments for: | | |
| Depreciation of tangible fixed assets | 29,952 | 41,474 |
| Amounts written off investments | 133,130 | - |
| Loss on disposal of tangibles | 4,170 | 309 |
| Increase in stocks | (34,146) | 7,348 |
| Interest paid | 1,813 | 2,198 |
| Interest received | (39,961) | (31,371) |
| Taxation | (489,585) | 109,580 |
| Increase in debtors | (5,875,977) | (2,650,736) |
| Increase in creditors | 7,329,430 | 7,077,427 |
| Movement in net pension | - | (355,400) |
| Corporation tax | - | (22,431) |
| | <u>2,949,564</u> | <u>4,265,924</u> |
| Net cash generated from operating activities | | |
| Cash flows generated from investing activities | | |
| Sale of fixed asset investments | 2,120 | 26,000 |
| Interest received | 39,961 | 31,371 |
| HP interest paid | (1,145) | (1,678) |
| | <u>40,936</u> | <u>55,693</u> |
| Net cash generated from investing activities | | |
| Cash flows used in financing activities | | |
| Repayment of/new finance leases | (7,135) | (6,602) |
| Dividends paid | (76,440) | (76,845) |
| Interest paid | (668) | (520) |
| | <u>(84,243)</u> | <u>(83,967)</u> |
| Net cash used in financing activities | | |
| Net increase in cash and cash equivalents | <u>2,906,257</u> | <u>4,237,650</u> |
| Cash and cash equivalents at beginning of year | 15,538,197 | 11,300,547 |
| | <u>18,444,454</u> | <u>15,538,197</u> |
| Cash and cash equivalents at the end of year | | |
| Cash at bank and in hand | <u>18,444,454</u> | <u>15,538,197</u> |

Ards Holdings Limited

Notes to the financial statements For the year ended 31 December 2016

1. General information

Ards Holdings Limited ("the Company" and its subsidiaries (together "the Group")) operate principally within the construction industry, in markets throughout the UK, Ireland and Europe. The Group is also involved in both retail and commercial fit-outs, with further turnover emanating from the sale of conservatories and sunrooms.

The company is a private company limited by shares and is incorporated and domiciled in the UK. The address of its registered office is 47 Boucher Road, Belfast, BT12 6HR.

2. Statement of compliance

The financial statements of Ards Holdings Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Accounting policies

3.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom 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 Group management to exercise judgment in applying the Company's accounting policies (see note 4).

The following principal accounting policies have been applied:

3.2 Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the Group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquires' identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

3.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Notes to the financial statements
For the year ended 31 December 2016**

3. Accounting policies (continued)

Revenue (continued)

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

3.4 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Balance sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Consolidated statement of other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

Notes to the financial statements
For the year ended 31 December 2016

3. Accounting policies (continued)

3.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted company shares, which have been classified as fixed asset investments as the Group intends to hold them on a continuing basis are remeasured to market value at each Balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

Investments in listed company shares are remeasured to market value at each Balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

3.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic cost or valuation less accumulated depreciation.

Depreciation is not charged on leasehold land. The company previously adopted a policy of revaluing long-term leasehold buildings and they were stated at their revalued amount less any subsequent depreciation and accumulated impairment losses. The company has adopted the transition exemption under FRS 102 paragraph 35.10(d) and has elected to use the previous revaluation as deemed cost. Long-term leasehold buildings were revalued on 28 December 2012 on the basis of open market value for existing use by BTWShiells, Commercial Property Consultants and independent Chartered Surveyors. The valuations were undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors in the United Kingdom.

Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

| | | |
|-------------------------------|---|---|
| Long-term leasehold buildings | - | 4% straight line basis or over the term of the lease if shorter |
| Plant and machinery | - | 20 - 30% on reducing balance basis |
| Motor vehicles | - | 33 - 40% on reducing balance basis |

3.7 Operating leases: Lessee

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

3.8 Debtors

Debtors are stated after all known bad debts have been written off and specific provision has been made against all debts considered doubtful of collection.

**Notes to the financial statements
For the year ended 31 December 2016**

3. Accounting policies (continued)

3.9 Creditors

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

3.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each Balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

3.11 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.

3.12 Finance costs

Finance costs are charged to the Consolidated 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. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

3.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

3.14 Employee share trust

The company's employees are able to purchase shares in the company Ards Trust Limited (the "Trust"). This trust was set up by the company for the benefit of its employees. The company has de-facto control over the Trust and therefore recognises the assets and liabilities of the Trust in its consolidated financial statements. Until such time as the shares held by the Trust vest unconditionally in employees, the consideration paid for those shares are deducted from the profit and loss reserve.

**Notes to the financial statements
For the year ended 31 December 2016**

3. Accounting policies (continued)

3.15 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 accounts receivable and payable, 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 payables or receivables, 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 case of an outright 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 Consolidated 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.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the Balance sheet date.

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.

3.16 Provisions for Liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

**Notes to the financial statements
For the year ended 31 December 2016**

3. Accounting policies (continued)

3.17 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated statement of comprehensive income within 'other operating income'.

3.18 Leasing and hire purchase

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

**Notes to the financial statements
For the year ended 31 December 2016**

3. Accounting policies (continued)

3.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of comprehensive income, except that a change 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 and the group operate and generate income.

Deferred 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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 income tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance sheet date.

3.20 Long-term contracts

Turnover on long term contracts is recognised according to the stage reached in the contract by reference to the value of work done. A prudent estimate of the profit attributable to work completed is recognised once the outcome of the contract can be assessed with reasonable certainty. The amount by which the turnover exceeds payments on account is shown under debtors as amounts recoverable on contracts.

Where payments on account exceed turnover the excess is classified as payments on account in excess of turnover and contract balances and has been separately disclosed within creditors.

3.21 Interest income

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

**Notes to the financial statements
For the year ended 31 December 2016**

3. Accounting policies (continued)

3.22 Pensions

Up to 31 May 2002 the company operated a Group Pension Scheme which provided retirement and death benefits based on final pensionable pay for all eligible employees. This scheme was closed to new members with effect from 1 June 2002.

The assets of the scheme are held separately from those of the company, being invested with a number of leading investment institutions. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond equivalent term to the liability. The increase in the present value of the liabilities of the group's defined benefit pension scheme arising from the employee service in the period is charged to the operating profit. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the Consolidated statement of comprehensive income. Pension scheme surpluses are recognised in the financial statements.

From 1 June 2002 employees were invited to contribute to the defined contribution stakeholder arrangement. The employer contributions made to this arrangement are charged directly to the Consolidated statement of comprehensive income as incurred.

4. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations on future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying estimates

Estimation of costs to complete and contract provisions in order to determine the profit and loss that the Group is able to recognise on its own developments and construction contracts in a specific period, the Group has to allocate total costs of the developments and construction contracts between the proportion completing in the period and the proportion to complete in a future period. The assessment of the total costs to be incurred and final contract value requires a degree of estimation, as does the assessment of a development's valuation. However, Group management has established internal controls to review and ensure the appropriateness of estimates made on an individual contract basis, including any necessary contract provisions.

(b) Critical accounting assumptions

In determine the valuation of defined benefit schemes' assets and liabilities, a number of key assumptions have been made. The key assumptions, which are given below, are largely dependent on factors outside the control of the Group:

- inflation rate
- life expectancy
- discount rate; and
- salary and pension growth rates.

The Group is exposed to risks through its defined benefit schemes if actual experience differs to the assumptions used and through volatility in the plan assets. Details of the assumptions used and associated sensitivities, are included in note 26.

Notes to the financial statements
For the year ended 31 December 2016

5. Analysis of turnover

Within this year all turnover arose within the United Kingdom.

6. Operating profit

The operating profit is stated after charging:

| | 2016 £ | 2015 £ |
|---|----------------|----------------|
| Depreciation of tangible fixed assets | 29,952 | 41,474 |
| Fees payable to the group's auditor for the audit of the company's financial statements | 28,100 | 30,500 |
| Fees payable to the group's auditors for other services to the group: | | |
| - Taxation compliance services | 14,891 | 11,500 |
| Operating lease rentals: | | |
| - other operating leases | 117,800 | 117,800 |
| Loss on disposal of fixed assets | 4,170 | 309 |
| Defined contribution pension cost | 747,135 | 664,536 |
| | <u>813,047</u> | <u>865,619</u> |

Auditors fees for the company were £4,000 (2015 : £3,800).

7. Employees

Staff costs were as follows:

| | 2016 £ | 2015 £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 7,178,759 | 5,551,229 |
| Social security costs | 795,630 | 497,853 |
| Other pension costs | 747,135 | 664,536 |
| | <u>8,721,524</u> | <u>6,713,618</u> |

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

| | 2016 Number | 2015 Number |
|----------------------------|----------------|----------------|
| Supervision and production | 124 | 111 |
| Administration | 51 | 42 |
| | <u>175</u> | <u>153</u> |

Ards Holdings Limited

Notes to the financial statements For the year ended 31 December 2016

8. Directors' remuneration

| | 2016 £ | 2015 £ |
|----------------------|----------------|----------------|
| Aggregate emoluments | 860,515 | 676,719 |
| | <u>860,515</u> | <u>676,719</u> |

The highest paid director received remuneration of £158,909 (2015 : £138,440).

Key management is defined as the directors disclosed above.

9. Interest payable and similar charges

| | 2016 £ | 2015 £ |
|---|--------------|--------------|
| On bank overdrafts | 668 | 520 |
| On finance leases and hire purchase contracts | 1,145 | 1,678 |
| | <u>1,813</u> | <u>2,198</u> |

10. Tax on profit on ordinary activities

| | 2016 £ | 2015 £ |
|---|------------------|----------------|
| Corporation tax | | |
| Adjustments in respect of prior periods | (681,556) | - |
| | <u>(681,556)</u> | <u>-</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | 319,814 | 49,704 |
| Adjustments in respect of prior periods | (118,589) | (4,387) |
| Effects of changes in tax rates | (9,253) | 64,263 |
| Total deferred tax (note 23) | <u>191,972</u> | <u>109,580</u> |
| Taxation on (loss)/profit on ordinary activities | <u>(489,584)</u> | <u>109,580</u> |

Notes to the financial statements
For the year ended 31 December 2016

10. Tax on profit on ordinary activities (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015 -higher than) the standard rate of corporation tax in the UK of 20% (2015 - 20%). The differences are explained below:

| | 2016 £ | 2015 £ |
|--|------------------|----------------|
| Profit on ordinary activities before tax | 1,401,154 | 197,106 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%) | 280,231 | 40,110 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 38,590 | 9,594 |
| Effects of changes in tax rates | (9,254) | 64,263 |
| Depreciation on ineligible assets | 994 | - |
| Adjustments to tax charge in respect of prior periods | (800,145) | (4,387) |
| Total tax charge for the year | (489,584) | 109,580 |

Factors that may affect future tax charges

Further reductions to the UK Corporation Tax rate were substantively enacted as part of the Finance Act 2015 (substantively enacted on 26 October 2015). These reduce the main rate of tax to 19% from 1 April 2017 and to 17% from 1 April 2020. The deferred tax assets and liabilities reflect these rates.

11. Dividends

| | 2016 £ | 2015 £ |
|--|---------------|---------------|
| Interim dividend of £0.18 per share (2015: £0.18 per share) paid | 76,440 | 76,845 |
| | 76,440 | 76,845 |

12. Parent company loss for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The loss of the parent Company for the financial year was £11,859 (2015 : £3,444).

Notes to the financial statements
For the year ended 31 December 2016

13. Tangible assets

Group

| | Long-term leasehold land and buildings £ | Plant and machinery £ | Motor vehicles £ | Total £ |
|---------------------------------|--|-----------------------------|------------------------|------------------|
| Cost or valuation | | | | |
| At 1 January 2016 | 1,000,000 | 1,218,734 | 130,592 | 2,349,326 |
| Disposals | - | (122,394) | (7,300) | (129,694) |
| At 31 December 2016 | 1,000,000 | 1,096,340 | 123,292 | 2,219,632 |
| Accumulated depreciation | | | | |
| At 1 January 2016 | - | 1,119,999 | 115,082 | 1,235,081 |
| Charge for the year | - | 25,427 | 4,525 | 29,952 |
| On disposals | - | (118,459) | (6,898) | (125,357) |
| At 31 December 2016 | - | 1,026,967 | 112,709 | 1,139,676 |
| Net book amount | | | | |
| At 31 December 2016 | 1,000,000 | 69,373 | 10,583 | 1,079,956 |
| At 31 December 2015 | 1,000,000 | 98,735 | 15,510 | 1,114,245 |

Ards Holdings Limited

Notes to the financial statements For the year ended 31 December 2016

13. Tangible assets (continued)

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

| | 2016 £ | 2015 £ |
|---------------------|---------------|---------------|
| Plant and machinery | 23,912 | 23,912 |
| | <u>23,912</u> | <u>23,912</u> |

Included in land and buildings is long-term leasehold land at a valuation of £1,000,000 (2015 : £1,000,000) which is not depreciated. Long-term leasehold buildings have been fully depreciated in earlier years.

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

| | 2016 £ | 2015 £ |
|--------------------------|-----------|-----------|
| Group | | |
| Cost | 201,238 | 201,238 |
| Accumulated depreciation | (201,238) | (201,238) |
| Net book value | <u>-</u> | <u>-</u> |

14. Investments

Group

| | Unlisted investments £ |
|----------------------------|------------------------------|
| At 1 January 2016 | 135,250 |
| Disposals | (135,250) |
| At 31 December 2016 | <u>-</u> |
| Net book amount | |
| At 31 December 2016 | <u>-</u> |
| At 31 December 2015 | <u>135,250</u> |

Ards Holdings Limited

Notes to the financial statements For the year ended 31 December 2016

14. Investments (continued)

Company

| | Investments in subsidiary companies £ |
|----------------------------|---|
| Cost or valuation | |
| At 1 January 2016 | 615,691 |
| At 31 December 2016 | 615,691 |
| Net book amount | |
| At 31 December 2016 | 615,691 |
| At 31 December 2015 | 615,691 |

The directors believe that the carrying value of the investments is supported by their underlying net assets.

Details of the subsidiaries can be found under note number 15.

15. Investments

The following were subsidiary undertakings of the Company:

| Name | Address | Country | Class of shares | Holding | Principal activity |
|---|---------------------------------------|---------------------|-------------------------------|---------|--------------------|
| Gilbert-Ash Limited | 47 Boucher Road, Belfast, BT12 6HR | Northern Ireland | Ordinary shares of £1 each | 100% | Construction |
| Gilbert-Ash Fitout Limited | 47 Boucher Road, Belfast, BT12 6HR | Northern Ireland | Ordinary shares of £1 each | 100% | Dormant |
| Gilbert-Ash Cairn Limited | 47 Boucher Road, Belfast, BT12 6HR | Northern Ireland | Ordinary shares of £1 each | 100% | Dormant |
| Ards Holdings Overseas Limited | 47 Boucher Road, Belfast, BT12 6HR | Northern Ireland | Ordinary shares of £1 each | 100% | Dormant |
| Granite Aggregate Limited | 47 Boucher Road, Belfast, BT12 6HR | Northern Ireland | Ordinary shares of £1 each | 100% | Dormant |
| Yard Master International Limited | 47 Boucher Road, Belfast, BT12 6HR | Northern Ireland | Ordinary shares of £1 each | 100% | Dormant |

Ards Holdings Limited

Notes to the financial statements For the year ended 31 December 2016

16. Stocks

| | Group 2016 £ | Group 2015 £ | Company 2016 £ | Company 2015 £ |
|---------------|--------------------|--------------------|----------------------|----------------------|
| Raw materials | 61,859 | 27,709 | - | - |
| | 61,859 | 27,709 | - | - |

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

17. Debtors

| | Group 2016 £ | Group 2015 £ | Company 2016 £ | Company 2015 £ |
|--|--------------------|--------------------|----------------------|----------------------|
| Due within one year | | | | |
| Trade debtors | 2,408,815 | 348,610 | - | - |
| Other debtors | 787,812 | - | 72,804 | - |
| Prepayments and accrued income | 153,763 | 147,668 | - | 70,630 |
| Amounts recoverable on long term contracts | 16,474,300 | 12,770,878 | - | - |
| Deferred taxation (note 23) | 508,174 | 516,558 | 180,287 | - |
| | 20,332,864 | 13,783,714 | 253,091 | 70,630 |

18. Cash at bank and in hand

| | Group 2016 £ | Group 2015 £ | Company 2016 £ | Company 2015 £ |
|--------------------------|--------------------|--------------------|----------------------|----------------------|
| Cash at bank and in hand | 18,444,454 | 15,538,197 | 562,614 | 499,885 |
| | 18,444,454 | 15,538,197 | 562,614 | 499,885 |

Notes to the financial statements
For the year ended 31 December 2016

19. Creditors: Amounts falling due within one year

| | Group 2016 £ | Group 2015 £ | Company 2016 £ | Company 2015 £ |
|---|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Payments received on account/amounts payable on contracts | 19,477,154 | 14,415,062 | - | - |
| Trade creditors | 7,677,655 | 6,919,665 | - | - |
| Amounts owed to group undertakings | - | - | 1,504,825 | 1,352,807 |
| Other taxation and social security | 1,592,792 | 383,518 | 19,702 | 15,711 |
| Net obligations under finance lease and hire purchase contracts | 7,668 | 7,135 | - | - |
| Other creditors | 1,077,887 | 754,634 | - | - |
| Accruals and deferred income | 55,984 | 79,326 | - | - |
| | 29,889,140 | 22,559,340 | 1,524,527 | 1,368,518 |

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

20. Creditors: Amounts falling due after more than one year

| | Group 2016 £ | Group 2015 £ | Company 2016 £ | Company 2015 £ |
|--|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Net obligations under finance leases and hire purchase contracts | 4,384 | 12,052 | - | - |
| | 4,384 | 12,052 | - | - |

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall as follows:

| | Group 2016 £ | Group 2015 £ | Company 2016 £ | Company 2015 £ |
|-------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Within one year | 7,668 | 7,135 | - | - |
| Between one and 5 years | 4,384 | 12,053 | - | - |
| | 12,052 | 19,188 | - | - |

Notes to the financial statements
For the year ended 31 December 2016

22. Financial instruments

| | Group 2016 £ | Group 2015 £ | Company 2016 £ | Company 2015 £ |
|---|--------------------|--------------------|----------------------|----------------------|
| Financial assets | | | | |
| Cash at bank and in hand | 18,444,454 | 15,538,197 | 562,614 | 499,885 |
| Trade debtors | 2,408,815 | 348,610 | - | - |
| Amounts recoverable on long term contracts | 16,474,300 | 12,770,878 | - | - |
| Other debtors | 787,812 | - | 72,804 | - |
| | <u>38,115,381</u> | <u>28,657,685</u> | <u>635,418</u> | <u>499,885</u> |
| Financial liabilities | | | | |
| Payments received on account/amounts payable on contracts | 19,477,154 | 14,415,062 | - | - |
| Bank overdraft | - | - | - | - |
| Trade creditors | 7,677,655 | 6,919,665 | - | - |
| Amounts owed to group undertakings | - | - | 1,504,825 | 1,352,807 |
| Other creditors | 1,077,887 | 754,634 | - | - |
| Accruals | 55,984 | 79,326 | - | - |
| | <u>28,288,680</u> | <u>22,168,687</u> | <u>1,504,825</u> | <u>1,352,807</u> |

23. Deferred taxation

Group

| | Deferred tax £ |
|--------------------------------------|-----------------------|
| At 1 January 2016 | 516,558 |
| Charged to the profit or loss | (191,972) |
| Credit to other comprehensive income | 183,588 |
| At 31 December 2016 | <u><u>508,174</u></u> |

Company

| | Deferred tax £ |
|--------------------------------------|-----------------------|
| At 1 January 2016 | (61,800) |
| Credit to the profit or loss | 2,807 |
| Credit to other comprehensive income | 239,280 |
| At 31 December 2016 | <u><u>180,287</u></u> |

Ards Holdings Limited

Notes to the financial statements For the year ended 31 December 2016

24. Called up share capital

| | 2016 £ | 2015 £ |
|--|----------------|----------------|
| Authorised | | |
| 600,000 (2015 - 600,000) ordinary shares of £0.25 each | <u>150,000</u> | <u>150,000</u> |
| Allotted and fully paid | | |
| 432,000 (2015 - 432,000) ordinary shares of £0.25 each | <u>108,000</u> | <u>108,000</u> |

25. Contingent liabilities

Group and company

Performance bonds have been entered into in the normal course of business. The directors consider that there will be no liability in respect of these bonds.

Subsidiary companies have entered into intercompany cross guarantees on bank facilities. In the opinion of the directors there is no indication that the group will suffer any loss as a result of this.

**Notes to the financial statements
For the year ended 31 December 2016**

26. Pension commitments

The Group operates a funded scheme of the defined benefit type with assets held in separate trustee administered funds. This scheme was closed to future accrual of benefits with effect from 31 May 2002. From 1 June 2002 employees were invited to contribute to a defined contribution stakeholder arrangement.

An actuarial valuation of the defined benefit scheme using the projected unit basis was carried out at 31 December 2016 by Mercer Limited. Scheme assets do not include any of Ards Holdings Limited's own financial instruments, or any property occupied by Ards Holdings Limited.

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields at the balance sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets and liabilities in the year has resulted in an overall gross deficit in the year of £1,044,000 (2015 - gross surplus £309,000)

Movement in the present value of the defined benefit obligation were as follows:

| | 2016 £ | 2015 £ |
|---|-------------------|-------------------|
| Opening defined benefit obligation | 12,838,000 | 13,322,000 |
| Interest cost | 492,000 | 484,000 |
| Actuarial gains/(losses) | 2,800,000 | (512,000) |
| Benefits paid | (438,000) | (456,000) |
| Closing defined benefit obligation | 15,692,000 | 12,838,000 |

Changes in fair value of scheme assets were as follows:

| | 2016 £ | 2015 £ |
|--|-------------------|-------------------|
| Opening fair value of scheme assets | 13,147,000 | 13,090,000 |
| Expected return on assets | 504,000 | 476,000 |
| Actuarial gains/(losses) | 1,235,000 | (163,000) |
| Contributions by employer | 200,000 | 200,000 |
| Benefits paid | (438,000) | (456,000) |
| Closing fair value of scheme assets | 14,648,000 | 13,147,000 |

| | 2016 £ | 2015 £ |
|---|--------------------|----------------|
| Pension asset/(liability) - b/fwd | 309,000 | (232,000) |
| Pension movement | (1,353,000) | 541,000 |
| Net pension scheme (liability) / asset | (1,044,000) | 309,000 |

Notes to the financial statements
For the year ended 31 December 2016

26. Pension commitments (continued)

Deferred taxation assets/(liability) in relation to pension £177,480 (2015: £61,800 deferred tax liability).

The amounts recognised in profit or loss are as follows:

| | 2016 £ | 2015 £ |
|----------------------------------|---------------|----------------|
| Interest obligation | (492,000) | (484,000) |
| Expected return on scheme assets | 504,000 | 476,000 |
| Total | 12,000 | (8,000) |

The cumulative amount of actuarial gains and losses recognised in the Consolidated statement of comprehensive income was loss of £1,353,000 (2015 - gain £541,000).

The fair value of the scheme assets was:

| | 2016 £ | 2015 £ |
|---------------------------|---------------|---------------|
| Cash and cash equivalents | 223 | 1,200 |
| Equity instruments | 7,403 | 5,154 |
| Debt instruments | 7,022 | 4,732 |
| Real estate | - | 2,061 |
| | 14,648 | 13,147 |

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

| | 2016 % | 2015 % |
|--------------------------------------|-----------|-----------|
| Discount rate | 2.70% | 3.90% |
| Future pension increases | 2.10% | 2.00% |
| Inflation assumption | 2.10% | 2.00% |
| Mortality rates | | |
| Retiring body (member aged 65) | 22.4 | 22.6 |
| Retiring body (member aged 40 today) | 24.7 | 25.5 |

Notes to the financial statements
For the year ended 31 December 2016

26. Pension commitments (continued)

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

| | 2016 £ | 2015 £ | 2014 £ | 2013 £ | 2012 £ |
|--|--------------------|----------------|------------------|----------------|-------------------|
| Defined benefit obligation | (15,692,000) | (12,838,000) | (13,322,000) | (11,925,000) | (1,146,500) |
| Scheme assets | 14,648,000 | 13,147,000 | 13,090,000 | 12,427,000 | 11,655,000 |
| (Deficit)/surplus | (1,044,000) | 309,000 | (232,000) | 502,000 | 10,508,500 |
| Experience adjustments on scheme liabilities | (2,800,000) | 512,000 | (815,000) | (447,000) | (389,000) |
| Experience adjustments on scheme assets | 1,235,000 | (163,000) | 3,830,000 | 559,000 | 333,000 |

27. Commitments under operating leases

At 31 December the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

| | Group 2016 £ | Group 2015 £ |
|--|--------------------|--------------------|
| Land and buildings expiry date: | | |
| Within 1 year | - | - |
| Between 1 and 2 years | 34,000 | 34,000 |
| Between 2 and 5 years | - | - |
| Motor vehicles expiry date: | | |
| Within 1 year | 209,614 | 36,580 |
| Between 1 and 2 years | 137,743 | 73,583 |
| Between 2 and 5 years | 46,263 | 93,301 |

Ards Holdings Limited

Notes to the financial statements For the year ended 31 December 2016

28. Related party transactions

The company and group has taken advantage of the exemptions contained in section 33 of FRS 102 not to disclose transactions with related parties as all the voting rights of the company and subsidiaries are controlled within the group. The company has a subsidiary Ards Trust Limited, an employee share trust. The balance of £1,490,975 (2015 : £1,896,442) represents money the Trust has borrowed from Ards Holdings Limited to purchase shares in Ards Holdings Limited from retiring employees. The Trust still owns the shares at 31 December 2016 and therefore this represents a reduction in capital and reserves in the consolidated group financial statements.

29. Ultimate parent undertaking and controlling party

The directors consider that Ards Holdings Limited has no one ultimate controlling party. Ards Holdings Limited is the ultimate parent undertaking and the only company in the group which prepares consolidated financial statements.

30. Transition to FRS 102

The prior year adjustment relates to the recognition of defined benefits scheme in the company as required by section 28 of FRS 102 given it is the entity by which is legally responsible for the scheme.

The adoption has resulted in

| | 2016 £ |
|--|---------------------|
| Analysis of prior year adjustments | |
| Adjustment to opening shareholders funds at 1 January 2015 | 232 |
| Adjustment to statement of comprehensive income | (541) |
| Adjustment to statement of changes in equity | - |
| Adjustments to opening shareholders funds | <u><u>(309)</u></u> |