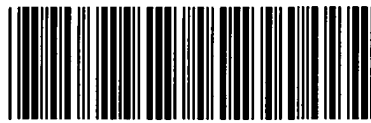

ADVANCE CONSTRUCTION GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

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ADVANCE CONSTRUCTION GROUP LIMITED

COMPANY INFORMATION

Directors	J M Shields D T Shields T B Dignall
Company secretary	D T Shields
Registered number	SC202571
Registered office	Caldergrove House 4 Linnet Way Strathclyde Business Park Bellshill Lanarkshire ML4 3RA
Independent auditor	French Duncan LLP Chartered Accountants and Statutory Auditors 133 Finnieston Street Glasgow G3 8HB

ADVANCE CONSTRUCTION GROUP LIMITED

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ADVANCE CONSTRUCTION GROUP LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018

Business review

The directors are pleased to report that the Group has continued to improve its profitability. While turnover decreased by 7.4% in the year from £205.2m to £190.1m gross profit margins increased to 16.3% and gross profit increased year on year from £24m to £30.9m. Operational costs have decreased, reflecting the decrease in turnover. Administrative expenses have decreased as exceptional charges have reduced. The Group has delivered a profit before taxation of £10.8m (2017 - £3.1m). Net assets have increased to £30.7m from £22.1m. Net cashflow from operations is £14.3m (2017 - £2.5m) reflecting the improved profitability of the Group.

The Group has continued to invest in training, health and safety and quality management systems, all of which are key to delivering a safe working environment for our employees and customers and at the same time produce on time delivery and quality workmanship for our clients.

Principal risks and uncertainties

The principal risks and uncertainties affecting the business include the following:

Contract risk: the Group conducts a significant element of its business under customer contracts. The key to the management of contract risk is robust tendering procedures supported by effective operational management.

Health and safety: health and safety risks are continually assessed by management and we constantly look to ensure that we provide a safe working environment for all.

Commercial relationships: the Group maintains strong relationships with its key customers and has established credit control procedures in place. Appropriate credit terms are agreed with all customers and these are closely managed.

The effect of legislation and other regulatory changes: the Group monitors forthcoming and current legislation to ensure it adheres to regulatory requirements.

Funding risks: the Group manages its finances such that it is largely self funding although capital investment is funded through bank loans and finance lease arrangements.

The construction industry has come through a difficult period, however Advance Construction has expanded its market share in recent years and remains positive about the future.

ADVANCE CONSTRUCTION GROUP LIMITED

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

Key performance indicators

Key financial indicators include the monitoring of the management of profitability and working capital. The key performance indicators are referred to above.

Health and safety remains highly important and our performance in this area is monitored on a regular basis.

In addition, directors review other non-financial key performance indicators including plant utilisation rates.

Environmental commitment

The Group is committed to sustainable practices in order to minimise our impact on the environment and create a positive legacy for future generations. The Group pro-actively work with our customers and supply chain to ensure our environmental goals are achieved including:

- controlling environmental risks by implementing effective measures in a sustainable manner;
- encouraging and promoting best practices across our operations;
- complying with all applicable legal requirements; and
- maintaining Environmental Management Standard ISO 14001:2015 accreditation.

Recording of energy data and carbon footprint:

In order to comply with the EU Energy Efficiency Directive the Group has registered with the Energy Savings Opportunity Scheme (ESOS) which is independently audited and assessed by EOS. As part of the scheme the Group analyses data and energy consumption, carries out energy surveys and produces reports including energy efficiency plans.

Prevention of pollution:

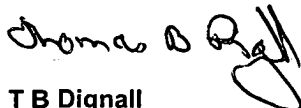
In addition to its environmental commitment, the Group also complies with the SEPA Pollution Prevention Guidelines ensuring suitable working practices are developed to avoid:

- spillage of diesel, petrol, hydraulic fluid, lubricating oils, shuttering oils, concrete additives or other chemicals;
- silt, sand or peat laden runoff from excavation; and
- disturbance of any river beds.

Future outlook

The Group continues to focus on its core business of groundworks and civil engineering and is achieving a steady stream of new contract awards.

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



T B Dignall
Director

Date: 14/12/18

ADVANCE CONSTRUCTION GROUP LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2018**

The directors present their report and the financial statements for the year ended 31 March 2018.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 they are 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 for the Group's financial statements 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £8,587,650 (2017 - £1,698,885).

The Company paid an interim dividend of £Nil (2017 - £Nil) during the year. The directors do not recommend the payment of a final dividend.

Directors

The directors who served during the year were:

J M Shields
D T Shields
T B Dignall

ADVANCE CONSTRUCTION GROUP LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

Employee involvement

The Group has a strong tradition of looking after its employees and at all levels employees are encouraged to contribute ideas and suggestions, both formally and informally. Employees are kept informed of company progress and developments through internal memos, emails and management briefings. We recognise that in order to operate in a socially sustainable manner, our actions and our policies must be focused on the long term benefits to employees, suppliers, customers, communities and other stakeholders.

Investment in our people

The Group is committed to being an Equal Opportunities Employer and developing the skills and talent of our workforce.

The Group has achieved Silver Standard for Investors in Young people and annually sponsor a number of internal Graduate Trainees in Quantity Surveying, Civil Engineering and Finance.

In 2016 we opened our own Training Centre in Livingston, which is now accredited to SQA, CPCS, NPORS and Site Safety. The Centre provides training for our site based employees including Health and Safety, Plant Operation and SVQ's.

Disclosure of information to auditor

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

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the 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 auditor is aware of that information.

Post balance sheet events

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

Going concern

The Group's business activities together with the factors likely to affect its future development and financial position are discussed in the Strategic Report. The Group is financed by cash, bank loans and finance lease arrangements. The directors have reviewed cash flow forecasts and investment plans and are satisfied that the Group has adequate facilities in place to enable it to meet its liabilities as they fall due for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

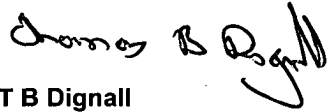
Auditor

Under section 487(2) of the Companies Act 2006, French Duncan LLP will be deemed to be reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

ADVANCE CONSTRUCTION GROUP LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018**

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



T B Dignall
Director

Date: 14/12/18

ADVANCE CONSTRUCTION GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ADVANCE CONSTRUCTION GROUP LIMITED

Opinion

We have audited the financial statements of Advance Construction Group Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2018, which comprise the Consolidated Statement of Income and Retained Earnings, the Consolidated and Company Statements of Financial Position, the Consolidated Statement of Cash Flows and the related notes, 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 Group's and of the parent Company's affairs as at 31 March 2018 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our

ADVANCE CONSTRUCTION GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ADVANCE CONSTRUCTION GROUP LIMITED (CONTINUED)

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.

Opinion 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 Group 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 Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

ADVANCE CONSTRUCTION GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ADVANCE CONSTRUCTION GROUP LIMITED (CONTINUED)

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. 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.

French Duncan LLP

Paula Galloway (Senior Statutory Auditor)

for and on behalf of
French Duncan LLP

Chartered Accountants and Statutory Auditors

133 Finnieston Street
Glasgow
G3 8HB

Date: *18 December 2018*

ADVANCE CONSTRUCTION GROUP LIMITED

**CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2018 £	2017 £
Turnover	4	190,078,984	205,175,993
Cost of sales		(159,141,450)	(181,196,760)
Gross profit		30,937,534	23,979,233
Administrative expenses (including exceptional costs of £0.46m (2017 - £3.8m))		(19,700,455)	(20,453,679)
Operating profit	5	11,237,079	3,525,554
Interest receivable and similar income	9	43,187	18,780
Interest payable and similar charges	10	(436,506)	(406,633)
Profit before tax		10,843,760	3,137,701
Tax on profit	11	(2,256,110)	(1,438,816)
Profit after tax		8,587,650	1,698,885
Retained earnings at the beginning of the year		22,070,329	20,371,444
Profit for the year attributable to the owners of the parent		8,587,650	1,698,885
Retained earnings at the end of the year		30,657,979	22,070,329

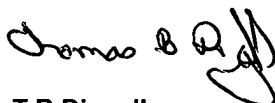
The notes on pages 14 to 36 form part of these financial statements.

ADVANCE CONSTRUCTION GROUP LIMITED
REGISTERED NUMBER: SC202571

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	14	16,013,703	18,366,385
Investments	15	3	-
		16,013,706	18,366,385
Current assets			
Stocks	16	967,113	1,182,394
Debtors: amounts falling due after more than one year	17	6,449,444	8,732,456
Debtors: amounts falling due within one year	17	37,889,296	43,975,490
Cash at bank and in hand	18	12,338,761	3,112,119
		57,644,614	57,002,459
Creditors: amounts falling due within one year	19	(35,973,830)	(40,947,766)
Net current assets		21,670,784	16,054,693
Total assets less current liabilities		37,684,490	34,421,078
Creditors: amounts falling due after more than one year	20	(7,025,511)	(8,549,749)
Provisions for liabilities			
Other provisions	25	-	(3,800,000)
Net assets		30,658,979	22,071,329
Capital and reserves			
Called up share capital	26	1,000	1,000
Profit and loss account	27	30,657,979	22,070,329
		30,658,979	22,071,329

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



T B Dignall
 Director

Date: 14/12/18

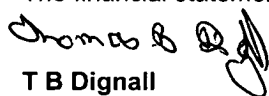
The notes on pages 14 to 36 form part of these financial statements.

ADVANCE CONSTRUCTION GROUP LIMITED
REGISTERED NUMBER: SC202571

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	Note	2018 £	2017 £
Fixed assets			
Investments	15	105	105
Current assets			
Debtors: amounts falling due within one year	17	225,279	8,483,941
Cash at bank and in hand	18	11,090,522	1,000,063
		11,315,801	9,484,004
Creditors: amounts falling due within one year	19	(4,541,202)	(4,863,635)
Net current assets		6,774,599	4,620,369
Other provisions	25	(4,736,799)	(3,800,000)
Net assets		2,037,905	820,474
Capital and reserves			
Called up share capital	26	1,000	1,000
Profit and loss account	27	2,036,905	819,474
		2,037,905	820,474

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


T B Dignall
 Director

Date: 14/12/18

The notes on pages 14 to 36 form part of these financial statements.

ADVANCE CONSTRUCTION GROUP LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018**

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	8,587,650	1,698,885
Adjustments for:		
Amortisation of intangible assets	-	125,650
Depreciation of tangible assets	5,644,046	4,740,768
Profit on disposal of tangible assets	(327,563)	(92,740)
Interest paid	436,506	406,633
Interest received	(43,187)	(18,780)
Taxation charge	2,256,110	1,438,816
Decrease/(increase) in stocks	215,281	(372,756)
Decrease/(increase) in debtors	8,250,599	(16,112,395)
(Increase)/decrease in amounts owed by joint ventures	(1,240,093)	-
(Decrease)/increase in creditors	(9,655,578)	8,323,239
Increase in provisions	462,498	3,800,000
Corporation tax (paid)	(326,582)	(1,444,097)
Net cash generated from operating activities	14,259,687	2,493,223
Cash flows from investing activities		
Purchase of subsidiary company	60,535	(50,000)
Purchase of tangible fixed assets	(584,236)	(786,003)
Sale of tangible fixed assets	1,306,520	1,474,442
Purchase of share in joint ventures	(3)	-
Interest received	43,187	18,780
HP interest paid	(412,911)	(386,901)
Net cash from investing activities	413,092	270,318

ADVANCE CONSTRUCTION GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

	2018 £	2017 £
Cash flows from financing activities		
New secured loans	1,166,000	500,000
Repayment of loans	(173,300)	(102,500)
Repayment of finance leases	(6,671,403)	(6,403,134)
Interest paid	(23,595)	(19,732)
Net cash used in financing activities	(5,702,298)	(6,025,366)
Net increase/(decrease) in cash and cash equivalents	8,970,481	(3,261,825)
Cash and cash equivalents at beginning of year	2,235,661	5,497,486
Cash and cash equivalents at the end of year	11,206,142	2,235,661
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	12,338,761	3,112,119
Bank overdrafts	(1,132,619)	(876,458)
	11,206,142	2,235,661

The notes on pages 14 to 36 form part of these financial statements.

ADVANCE CONSTRUCTION GROUP LIMITED

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

1. General information

The Company is a private company limited by shares and is incorporated in Scotland. The address of its registered office is Caldergrove House, 4 Linnet Way, Strathclyde Business Park, Bellshill, ML4 3RA.

The Company's principal activity is that of a holding company. The Group's principal activity is the provision of groundworks and civil engineering services.

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 Group management to exercise judgement in applying the Group's accounting policies (see note 3).

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 Income and Retained Earnings in these financial statements.

The financial statements are presented in Sterling (£).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form 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 Consolidated Statement of Financial Position, the acquiree's 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 Income and Retained Earnings from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Revenue

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;
- the costs incurred can be measured reliably.

Revenue on long term contracts for services is recognised according to the stage of completion on the contract by reference to valuations agreed with customers.

ADVANCE CONSTRUCTION GROUP LIMITED

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

2. Accounting policies (continued)

2.4 Long term contracts

Amounts recoverable on contracts which are included in debtors are stated at cost, which comprises direct materials and direct labour, plus attributable profit to the extent that this is reasonably certain less any losses incurred or foreseen in bringing contracts to completion, and less amounts received as progress payments.

For any contracts where receipts exceed the book value of work done, the excess is included in trade and other payables as payments on account.

2.5 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.6 Tangible fixed assets

Tangible fixed assets 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.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 2% on cost
Leasehold property	- over lease term
Plant and machinery	- 10% on cost
Motor vehicles	- 25% on cost
Office equipment	- between 10% and 33% on cost

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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Income and Retained Earnings.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

ADVANCE CONSTRUCTION GROUP LIMITED

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

2. Accounting policies (continued)

2.8 Associates and joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated Statement of Income and Retained Earnings includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated Statement of Financial Position, the interests in associated undertakings are shown as the Group's share of the identifiable net assets.

2.9 Stocks

Stocks and land held for development 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.

At each Statement of Financial Position 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 the Consolidated Statement of Income and Retained Earnings.

2.10 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.

2.11 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.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.12 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.

ADVANCE CONSTRUCTION GROUP LIMITED

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

2. Accounting policies (continued)

2.13 Intermediate payment arrangements

Payments made to a remuneration trust are recognised in the Consolidated Statement of Income and Retained Earnings as the Group does not have control of the right or other access to the future economic benefits that are expected to be received.

2.14 Financial instruments

The Group 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 and loans to related parties.

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 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 flows 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 Income and Retained Earnings.

2.15 Finance costs

Finance costs are charged to the Consolidated Statement of Income and Retained Earnings 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.

2.16 Operating leases

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

2.17 Leased assets

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

ADVANCE CONSTRUCTION GROUP LIMITED

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

2. Accounting policies (continued)

2.18 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Consolidated Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

2.19 Interest income

Interest income is recognised in the Consolidated Statement of Income and Retained Earnings using the effective interest method.

2.20 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 Income and Retained Earnings in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position 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 Statement of Financial Position.

2.21 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Income and Retained Earnings.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position 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. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

ADVANCE CONSTRUCTION GROUP LIMITED

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

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements and estimates have had the most significant effects on amounts recognised in the financial statements.

Long term contracts

The assessment of long term contracts requires estimates to be made of the profit or loss expected to be achieved on contracts. Management base this assessment on progress reports and their experience of similar contracts in the past. Adjustments are made to reflect any after date events which have a significant impact on the final margins expected to be achieved. Both costs and revenues may require to be revised as future events unfold and uncertainties are resolved.

Operating lease commitments

The Group has entered into commercial leases and as a lessee obtains the use of plant and equipment. The classification of such leases as operating or finance leases requires the Group to determine, based on evaluation of the term and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Statement of Financial Position.

Property, plant and equipment

The estimates and assumptions made to determine asset lives require judgements to be made as regards useful lives and residual values. The useful lives and residual values of the Group's financial assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets. Historically changes in useful lives have not resulted in material changes to the Group's depreciation charge.

Provisions

Provisions are recognised where the Group has an obligation, as a result of a past event, that can be measured reliably and where the outcome is less than probable, but more than remote, no provision is recorded but a contingent liability is disclosed in the financial statements if material. The recording of provisions is an area which requires the exercise of management judgement relating to the nature, timing and probability of the liability.

Recoverability of debtor balances

The assessment of the recoverability of trade and other debtor balances requires management judgement based on the information available. Circumstances can change and as a result this judgement would be reassessed.

4. Turnover

All turnover arose within the United Kingdom and is attributable to groundworks and civil engineering services.

ADVANCE CONSTRUCTION GROUP LIMITED

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

5. Operating profit

The operating profit is stated after charging:

	2018	2017
	£	£
Depreciation of tangible fixed assets	5,644,046	4,740,768
Impairment of intangible assets	-	125,650
Fees payable to the Group's auditor for the audit of the Company's annual financial statements	5,000	3,500
Other operating lease rentals	1,652,602	1,705,346
Exceptional bad debt write off	462,498	3,800,000
	<u>11,764,146</u>	<u>10,275,264</u>

By a Deed of Adherence dated 27th September 2016 the Company adhered to the WUT No 1 Ltd Remuneration Trust. During the accounting period the Company contributed £1,463,671 (2017 - £215,001) to the WUT No 1 Ltd Remuneration Trust.

6. Auditor's remuneration

	2018	2017
	£	£
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	38,000	29,500
Fees payable to the Group's auditor and its associates in respect of:		
Other services relating to taxation	17,929	14,004
All other services	9,250	-
	<u>65,179</u>	<u>43,504</u>

ADVANCE CONSTRUCTION GROUP LIMITED

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

7. Employees

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

	2018 £	2017 £
Wages and salaries	46,996,475	46,302,459
Social security costs	4,786,259	4,560,813
Cost of defined contribution scheme	485,519	422,121
	<u>52,268,253</u>	<u>51,285,393</u>

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

	2018 No.	2017 No.
Management / Administration	205	179
Direct	1,198	1,204
	<u>1,403</u>	<u>1,383</u>

8. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	101,902	246,622
Company contributions to defined contribution pension schemes	74,975	75,798
	<u>176,877</u>	<u>322,420</u>

During the year retirement benefits were accruing to 3 directors (2017 - 3) in respect of defined contribution pension schemes.

9. Interest receivable

	2018 £	2017 £
Other interest receivable	43,187	18,780
	<u>43,187</u>	<u>18,780</u>

ADVANCE CONSTRUCTION GROUP LIMITED

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

10. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	23,595	19,732
Finance leases and hire purchase contracts	412,911	386,901
	<u>436,506</u>	<u>406,633</u>

11. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	2,552,560	1,548,244
Adjustments in respect of previous periods	1,552	(58,723)
Total current tax	<u>2,554,112</u>	<u>1,489,521</u>
Deferred tax		
Origination and reversal of timing differences	(298,002)	(103,162)
Adjustments in respect of prior periods	-	52,457
Total deferred tax	<u>(298,002)</u>	<u>(50,705)</u>
Taxation on profit on ordinary activities	<u>2,256,110</u>	<u>1,438,816</u>

ADVANCE CONSTRUCTION GROUP LIMITED

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

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 - 20%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>10,843,760</u>	<u>3,137,701</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	2,060,314	627,540
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	-	25,130
Expenses not deductible for tax purposes	158,621	777,489
Utilisation of tax losses	(15,400)	-
Adjustments to tax charge in respect of prior periods	1,553	(6,266)
Short term timing difference leading to an decrease in taxation	(128)	-
Non-taxable income	(1,710)	-
Changes in provisions leading to an increase in the tax charge	-	203
Unrelieved tax losses carried forward	11,613	-
Fixed asset differences	1,770	1,184
Effect of change in tax rate on deferred tax	39,477	13,536
Total tax charge for the year	<u>2,256,110</u>	<u>1,438,816</u>

Factors that may affect future tax charges

There are no factors that may materially affect future tax charges.

12. Parent company profit 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 Income and Retained Earnings in these financial statements. The profit after tax of the parent Company for the year was £1,217,431 (2017 - £626,150).

ADVANCE CONSTRUCTION GROUP LIMITED

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

13. Intangible assets

Group and Company

	Goodwill £
Cost	
At 1 April 2017	125,650
At 31 March 2018	<u>125,650</u>
Amortisation	
At 1 April 2017	125,650
At 31 March 2018	<u>125,650</u>
Net book value	
At 31 March 2018	<u><u>-</u></u>
At 31 March 2017	<u><u>-</u></u>

ADVANCE CONSTRUCTION GROUP LIMITED

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

14. Tangible fixed assets

Group

	Freehold property £	Leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation						
At 1 April 2017	896,016	377,496	21,115,962	5,832,950	580,236	28,802,660
Additions	434,206	10,744	2,502,756	1,299,824	22,791	4,270,321
Disposals	-	-	(1,514,384)	(1,676,678)	-	(3,191,062)
At 31 March 2018	<u>1,330,222</u>	<u>388,240</u>	<u>22,104,334</u>	<u>5,456,096</u>	<u>603,027</u>	<u>29,881,919</u>
Depreciation						
At 1 April 2017	-	58,127	7,317,842	2,773,623	286,683	10,436,275
Charge for the year on owned assets	-	43,787	702,193	93,073	156,354	995,407
Charge for the year on financed assets	-	-	3,560,888	1,072,901	14,850	4,648,639
Disposals	-	-	(782,576)	(1,429,529)	-	(2,212,105)
At 31 March 2018	<u>-</u>	<u>101,914</u>	<u>10,798,347</u>	<u>2,510,068</u>	<u>457,887</u>	<u>13,868,216</u>
Net book value						
At 31 March 2018	<u>1,330,222</u>	<u>286,326</u>	<u>11,305,987</u>	<u>2,946,028</u>	<u>145,140</u>	<u>16,013,703</u>
At 31 March 2017	<u>896,016</u>	<u>319,369</u>	<u>13,798,120</u>	<u>3,059,327</u>	<u>293,553</u>	<u>18,366,385</u>

Freehold property includes land of £1,330,222 which is not depreciated.

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

	2018 £	2017 £
Plant and machinery	11,050,384	13,441,004
Motor vehicles	2,785,526	2,810,192
Fixtures and fittings	6,300	21,150
	<u>13,842,210</u>	<u>16,272,346</u>

ADVANCE CONSTRUCTION GROUP LIMITED

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

15. Fixed asset investments

Group

	Investment in joint ventures £
Cost or valuation	
Additions	3
At 31 March 2018	3
Net book value	
At 31 March 2018	3
At 31 March 2017	-

Direct subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Advance Construction (Scotland) Limited	Ordinary	100 %	Groundworks and civil engineering
JMS Plant Hire Limited	Ordinary	100 %	Plant hire
Advance Plant Limited	Ordinary	100 %	Construction
Dansekie Limited	Ordinary	100 %	Developer
Advance Construction (East Scotland) Limited	Ordinary	100 %	Dormant

Indirect subsidiary undertakings

The following are subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Montgomery Property Developments Limited	Ordinary	100 %	Development of land and property
Advance Building Contracts Ltd	Ordinary	100 %	Provision of roofing services

ADVANCE CONSTRUCTION GROUP LIMITED

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

15. Fixed asset investments (continued)

Montgomery Property Developments Limited and Advance Building Contracts Ltd are direct subsidiaries of Advance Construction (Scotland) Limited.

During the year Advance Construction (Scotland) Limited acquired 100% of the share capital of Advance Building Contracts Ltd. Further details of this transaction can be found in note 28.

Joint venture

Advance Construction (GD) Ltd is a joint venture in which Advance Construction (Scotland) Limited has a 25% interest. Its principal activity is the development of land. Its registered office is Caldergrove House, Linnet Way, Strathclyde Business Park, Bellshill, Scotland ML4 3RA. Advance Construction (GD) Ltd has not traded in the year.

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2017	105
At 31 March 2018	<u>105</u>
Net book value	
At 31 March 2018	<u>105</u>
At 31 March 2017	<u>105</u>

16. Stocks

	Group 2018 £	Group 2017 £
Raw materials and consumables	16,341	16,341
Land held for development	950,772	1,166,053
	<u>967,113</u>	<u>1,182,394</u>

ADVANCE CONSTRUCTION GROUP LIMITED

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

17. Debtors

	Group 2018 £	<i>Group 2017 £</i>	Company 2018 £	<i>Company 2017 £</i>
Due after more than one year				
Trade debtors	6,449,444	8,732,456	-	-
	<u>6,449,444</u>	<u>8,732,456</u>	<u>-</u>	<u>-</u>
	Group 2018 £	<i>Group 2017 £</i>	Company 2018 £	<i>Company 2017 £</i>
Due within one year				
Trade debtors	4,763,688	3,493,817	-	-
Amounts owed by group undertakings	-	-	224,709	8,483,941
Amounts owed by joint ventures and associated undertakings	1,240,093	-	-	-
Other debtors	7,394,718	9,663,970	570	-
Prepayments and accrued income	1,055,514	972,007	-	-
Amounts recoverable on long term contracts	23,105,545	29,813,960	-	-
Deferred taxation	329,738	31,736	-	-
	<u>37,889,296</u>	<u>43,975,490</u>	<u>225,279</u>	<u>8,483,941</u>

18. Cash and cash equivalents

	Group 2018 £	<i>Group 2017 £</i>	Company 2018 £	<i>Company 2017 £</i>
Cash at bank and in hand	12,338,761	3,112,119	11,090,522	1,000,063
Less: bank overdrafts	(1,132,619)	(876,458)	-	-
	<u>11,206,142</u>	<u>2,235,661</u>	<u>11,090,522</u>	<u>1,000,063</u>

ADVANCE CONSTRUCTION GROUP LIMITED

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

19. Creditors: Amounts falling due within one year

	Group 2018 £	<i>Group 2017 £</i>	Company 2018 £	<i>Company 2017 £</i>
Bank overdrafts	1,132,619	876,458	-	-
Bank loans	221,749	115,000	-	-
Trade creditors	17,612,880	24,295,562	3,540	-
Amounts owed to group undertakings	-	-	4,437,061	4,795,805
Corporation tax	4,550,553	1,631,774	92,645	56,790
Other taxation and social security	1,437,539	1,516,713	2,505	4,249
Obligations under finance lease and hire purchase contracts	4,599,739	5,174,868	-	-
Other creditors	1,570,328	2,623,751	-	1,340
Accruals and deferred income	4,848,423	4,713,640	5,451	5,451
	<u>35,973,830</u>	<u>40,947,766</u>	<u>4,541,202</u>	<u>4,863,635</u>

Details of secured creditors are shown in note 21.

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

	Group 2018 £	<i>Group 2017 £</i>
Bank loans	1,677,201	791,250
Net obligations under finance leases and hire purchase contracts	5,348,310	7,758,499
	<u>7,025,511</u>	<u>8,549,749</u>

Details of secured creditors are shown in note 21.

ADVANCE CONSTRUCTION GROUP LIMITED

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

21. Loans

Analysis of the maturity of loans is given below:

	Group 2018 £	<i>Group 2017 £</i>
Amounts falling due within one year		
Bank loans	221,749	115,000
Amounts falling due 1-2 years		
Bank loans	223,971	115,000
Amounts falling due 2-5 years		
Bank loans	1,453,231	676,250
	<u>1,898,951</u>	<u>906,250</u>

The Group bank loans and overdraft facility are secured by an unlimited inter company guarantee between Advance Construction Group Limited, Advance Construction (Scotland) Limited, JMS Plant Hire Limited, Dansekie Limited and Advance Plant Limited supported by bonds and floating charges covering all the aforementioned companies. The bank also hold a standard security over a property owned by Advance Construction (Scotland) Limited.

22. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2018 £	<i>Group 2017 £</i>
Within one year	4,599,739	5,174,868
Between 1-5 years	5,348,310	7,758,499
	<u>9,948,049</u>	<u>12,933,367</u>

ADVANCE CONSTRUCTION GROUP LIMITED

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

23. Financial instruments

	Group 2018 £	<i>Group 2017 £</i>	Company 2018 £	<i>Company 2017 £</i>
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>42,829,989</u>	<u>51,704,203</u>	<u>225,279</u>	<u>8,483,941</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(33,979,679)</u>	<u>(44,566,320)</u>	<u>(4,446,052)</u>	<u>(4,802,596)</u>

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings, other debtors and amounts recoverable on contracts.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, net obligations under finance leases and hire purchase contracts, other creditors and accruals.

24. Deferred taxation

Group

	2018 £	<i>2017 £</i>
At beginning of year	31,736	<i>(18,969)</i>
Credited to the Income Statement	298,002	<i>50,705</i>
At end of year	<u>329,738</u>	<u><i>31,736</i></u>

ADVANCE CONSTRUCTION GROUP LIMITED

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

24. Deferred taxation (continued)

At end of year

The deferred tax balance is made up as follows:

	Group 2018 £	<i>Group 2017 £</i>
Capital allowances	324,534	25,405
Short term timing differences	5,204	6,331
	<u>329,738</u>	<u>31,736</u>

25. Provisions

	Group 2018 £	<i>Group 2017 £</i>	Company 2018 £	<i>Company 2017 £</i>
At 1 April 2017	3,800,000	-	3,800,000	-
Charged to Income Statement	462,498	3,800,000	936,799	3,800,000
Eliminated on consolidation in year	(4,262,498)	-	-	-
At 31 March 2018	<u>-</u>	<u>3,800,000</u>	<u>4,736,799</u>	<u>3,800,000</u>

The Company has underwritten a loan made by Advance Construction (Scotland) Limited to Advance Building Contracts Ltd. During the year the Company provided £936,799 (2017 - £3,800,000) against the outstanding balance. During the year the Group provided £462,498 (2017 - £3,800,000) against the outstanding balance. Advance Building Contracts Ltd was acquired by Advance Construction (Scotland) Limited and became part of the group on 1 July 2017. On this basis the provision has been eliminated in the consolidated accounts. The difference in the provision in the Group and Company accounts relates to trading losses post acquisition.

26. Share capital

	2018 £	<i>2017 £</i>
Allotted, called up and fully paid		
1,000 (2017 - 1,000) Ordinary shares of £1.00 each	<u>1,000</u>	<u>1,000</u>

ADVANCE CONSTRUCTION GROUP LIMITED

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

27. Reserves

Profit and loss account

The profit and loss account represents the accumulated profits and losses of the company less distributions made to shareholders.

28. Business combinations

On 1 July 2017 to effect a restructure of a related company the assets and liabilities of Advance Building Contracts Ltd were acquired by Advance Construction (Scotland) Limited which is a 100% subsidiary of Advance Construction Group Limited.

Acquisition of Advance Building Contracts Ltd:

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £	Fair value adjustment £	Fair value £
Debtors	1,913,028	-	1,913,028
Cash at bank and in hand	60,535	-	60,535
Total assets	1,973,563	-	1,973,563
Creditors due within one year	(1,973,563)	-	(1,973,563)
Total identifiable net assets	-	-	-
Total purchase consideration			-

The book value of the assets and liabilities of Advance Building Contracts Ltd are stated net of provisions for intercompany debts held by Advance Construction Group Limited (see note 25).

The results of Advance Building Contracts Ltd since its acquisition are as follows:

	Current period since acquisition £
Turnover	2,209,773
Loss for the year	(474,301)

ADVANCE CONSTRUCTION GROUP LIMITED

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

29. Contingent liabilities

Company

An unlimited inter company guarantee exists between Advance Construction Group Limited, Advance Construction (Scotland) Limited, JMS Plant Hire Limited, Dansekie Limited and Advance Building Contracts Ltd supported by bonds and floating charges covering the aforementioned companies in respect of bank borrowings. At the year end group borrowings totalled £3,031,569 (2017 - £1,782,708).

30. Pension commitments

The Group operates a defined contribution pension scheme for its employees. The pension cost charge represents contributions payable by the Group to the fund and amounted to £485,519 (2017 - £422,121). Contributions totalling £72,453 (2017 - £68,501) were payable to the fund at the year end and are included in creditors.

31. Commitments under operating leases

At 31 March 2018 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £	<i>Group 2017 £</i>
Land and buildings		
Not later than 1 year	242,500	242,500
Later than 1 year and not later than 5 years	941,667	1,004,167
Later than 5 years	180,000	360,000
	1,364,167	1,606,667
	Group 2018 £	<i>Group 2017 £</i>
Other		
Not later than 1 year	192,115	207,636
Later than 1 year and not later than 5 years	58,059	151,568
	250,174	359,204

The Company had no commitments under non-cancellable operating leases as at the reporting date.

ADVANCE CONSTRUCTION GROUP LIMITED

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

32. Transactions with directors

Group

During the year the Group paid expenditure of £1,057,879 (2017 - £894,594) on behalf of J M Shields and D T Shields.

At the year end the balance due from J M Shields and D T Shields was included in other debtors and totalled £1,853,089 (2017 - £762,246).

Amounts recoverable on long term contracts includes an amount due of £278,504 (2017 - £268,995) in relation to work undertaken for D Shields.

Outstanding balances are unsecured and repayable on demand. Interest accrues at 2.5% per annum.

33. Related party transactions

Company

The Company has taken the exemption available under s33.1A of FRS 102 not to disclose transactions with other wholly owned members of the group. All intergroup balances are unsecured, interest free and repayable on demand.

During the year the Company made a provision of £936,799 (2017 - £3,800,000) against loans to a related party that it had underwritten. The related party became a wholly owned member of the group on 1 July 2017 and its results to 31 March 2018 are included within the consolidated accounts.

Group

The directors are considered to be key management personnel of the Group. No other employees are considered to have authority or responsibility for planning, directing and controlling the activities of the company. Total remuneration in respect of the directors is £184,670 (2017 - £349,336).

During the year the Group entered into the following transactions with other related parties:

	2018 £	2017 £
Sales to other related parties	616,226	1,587,452
Sales receipts from other related parties	(665,582)	(63,767)
Purchases from other related parties	(3,463,779)	(760,055)
Purchase payments to other related parties	3,701,837	7,969
Expenditure incurred on behalf of other related parties	116,044	1,237,999
Expenditure incurred by other related parties	(3,729)	-
Rents paid to other related parties	(186,000)	(216,000)
Loans (repaid by) / extended to other related parties	(1,164,369)	2,081,118
Provisions against amounts due from other related parties	(712,498)	(3,800,000)

ADVANCE CONSTRUCTION GROUP LIMITED

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

Amounts due from / (to) other related parties are included under the following headings in the financial statements:

	2018 £	2017 £
Trade debtors	169,802	1,564,485
Amounts recoverable on contracts	-	160,788
Other debtors	2,086,669	6,165,570
Trade creditors	(538)	(5,818)
Other creditors	(82,978)	(57,978)
Accruals	<u>(531,453)</u>	<u>(604,977)</u>

An amount of £4,280,944 relating to balances with an entity that was a related party in the prior year and was disclosed within other debtors is now included within intergroup balances as this entity is a 100% subsidiary within the group at the current year end.

During the year the Group extended loans £1,449,787 (2017 - £nil) to entities over which the Group has control, joint control or significant influence. The amounts due from such entities at the year end totalled £1,449,787 (2017 - £nil).

Outstanding balances are unsecured, interest free and repayable on demand.

The Group makes contributions to the WUT No 1 Ltd Remuneration Trust. The WUT No 1 Ltd Remuneration Trust is available for the benefit of contributors and others (see note 5).

34. Controlling party

The shareholders of Advance Construction Group Limited are J M Shields and D T Shields and as a result they are the joint ultimate controlling party.