Company Registration No. 02448655 (England and Wales)

AMD ENVIRONMENTAL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 2016

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AMD ENVIRONMENTAL LIMITED

COMPANY INFORMATION

Directors	Mr J A King Mr M G Sullivan Mr D J Pearce Mr J Gray Mr D Peachey
Company number	02448655
Registered office	Jupiter House Orbital One Green Street Green Road Dartford Kent DA1 1QG
Auditor	Ledger Sparks Ltd Airport House Suite 43-45 Purley Way Croydon Surrey CR0 0XZ
Business address	Jupiter House Orbital One Green Street Green Road Dartford Kent DA1 1QG

AMD ENVIRONMENTAL LIMITED

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AMD ENVIRONMENTAL LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 NOVEMBER 2016

The directors present the strategic report and financial statements for the year ended 30 November 2016.

Fair review of the business

We are pleased to report, that despite a reduction in revenue, through continued hard work and efficiency, we are able to present results that were satisfactory to the board, based on the challenging environment the company operated within 2016.

Three major one off project contracts experienced Client led delays which were initially anticipated to be completed by the year-end. Consequently, this has driven some revenue streams forward into the financial year ending 2017, however core framework and partnership agreements remained strong and in place.

The business has as a result seen a strong start in financial year 2017 and has already delivered revenue of £11.6m in the 7 months to June 2017. The business is forecasting revenues far in excess of those delivered in 2016. Gross margins remain comparable to those seen previously and therefore the board has confidence in the level of profit to be delivered in the current year to far outweigh those seen this year.

The market remains competitive and regionally, work streams in London and the South-East are most attractive. Currently the business is seeing a growth in other areas and sectors of the business and continues to exploit its capability and expertise to utilise such.

Revenue streams from Critical Resilience projects have slowed more recently, however, it is still the expectation that a number of clients are forecasting a significant spend in 2017 and beyond. The business is starting to receive enquiry of such, which is encouraging.

The business has continued to develop and deploy new Energy Lifecycle Management opportunities with new and existing clients. It is anticipated that this will provide a new sustainable revenue streams in the coming years.

Our FM and Special Works Section has proved to be challenging in an extremely competitive sector. Some key clients and contracts have chosen to 'self deliver' their work in 2016 and thus this has had an affect on the department. The board continue to see the department has a growth area of the business and continue to strategize on the development of the products, services and delivery of the work stream.

Overall profits were achieved in line with reforecasts and were closely monitored throughout the year.

Principal risks and uncertainties

The principal risks of the business lie primarily within the risks associated within the construction industry and can be attributed to 'Operational Risk' which are the risks associated with our day to day operations on site, as well as 'Financial Risk' which are potentially both operational and commercial.

We have strict process controls in place to monitor both the commercial and financial risks. We also reduce our exposure to 'risk' by working with strategic partners and also by regularly running credit checks on our customers, as well as our suppliers.

In order to further mitigate and reduce risk, we continue to grow of portfolio of services offered as well as extending our customer base. This allows us to further dilute risk and helps with our continued growth.

Risk from 'Health and Safety' perspective continue to be monitored and measured by our Health & Safety Manager, any issues are dealt with swiftly and effectively. It is important for all company personnel to be aware of the management structure within the company with specific duties and responsibilities for Health & Safety.

Ability to attract and retain high-calibre employees

The business continued to settle into its new Dartford home and has enjoyed the ability to attract new, and retain existing, staff within the facility. The links to the motorway network and national rail links has also enabled the business to reach more geographical talent pools and expertise.

We run an annual appraisal system, during which we encourage both the employee and employer to engage in the company progression and to measure how the employee's contribution fits in with the business goals and forecasts. During appraisals we set specific targets and goals for employees.

The recruitment process is crucial to the business and is constantly developing to ensure that the right personnel are introduced to the company.

Material costs and availability of specialist sub-contractors

The introduction of an internal database containing vital information about suppliers and sub-contractors has now been adopted in full and is running well, and this continues to be an asset to the business. It's update and evolution continues to develop to adapt to new and existing work streams. Our bi-weekly 'Operations Meeting' as well as monthly 'Trading Reviews' continues in which we analyse and review the performance of each contract as well as the supply chain members. Any potential resource gaps are highlighted and continually monitored, with issues proactively addressed.

Information technology and business continuity

AMD use a range of information technology and decision support systems across the business for efficient processing of orders, control procedures and financial management. These systems are constantly reviewed and updated to meet the needs of the company.

Business continuity and disaster recovery planning is regularly assessed and tested with our IT Manager. As part of the business relocation, a UPS system has now been provided to the servers, cloud based server backup has been introduced, as well as backup phone lines and internet connections are all in place to ensure the company is adequately resourced and maintains an appropriately robust environment including preventative processes on cybercrime.

Development and performance

Customer credit risk

As part of the overall package, AMD provides credit to each of its customers and as a result there is an associated risk that the customer may not be able to pay outstanding debt. The business has established a number of procedures and credit control policies around managing its receivables and takes action when and where necessary. All major outstanding and overdue balances together with significant potential exposures are reviewed regularly and concerns are discussed at monthly meetings. Control systems are in place to ensure that authorisation requests are supported with appropriate and sufficient documentation and are approved at appropriate levels in the organisation.

Key performance indicators

For the year ended 30 November 2016 underlying profit before tax decreased to £1,394,153 (2015: £2,834,191) with turnover of £12,984,374 (2015: £15,526,474) and the board considered the results to be in line with expectations.It is noted that whilst revenue and profit have both fallen this year – these have moved into our next financial year through 'slippage' and delay of the deliverance of project revenue, rather than the overall loss of contracts and customers.

Key features of our business performance during the year included the following:-

- Gross margins decreased from 26% in 2015 to 23%
- Our cash position increased significantly throughout the year.
- Our diverse specialist Engineering Services offering has resulted in us further enhancing our market position and increased market share.
- Proactive customer service, quality delivery performance and selective tendering focus were key performance drivers that assisted to enhance existing relationships with repeat business as well as create new client diversification opportunities.

On behalf of the board

Mr J A King
Director
24/8/17

Mr M G Sullivan
Director
24/8/17

AMD ENVIRONMENTAL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 NOVEMBER 2016

The directors present their annual report and financial statements for the year ended 30 November 2016.

Principal activities
The principal activity of the company continued to be that of the design, supply and installation of full MEP services.

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

Mr J A King
Mr M G Sullivan
Mr D J Pearce
Mr J Gray
Mr D Peachey

Results and dividends
The results for the year are set out on page 8.

AMD Environmental Limited paid an interim dividend of £613,086 and a final dividend of £497,837.

Future developments
The business continues to innovate and evolve with the ever changing environments in which it operates. Where technological, energy or operational advancements can be exploited these are explored, developed and implemented to 'future proof' the work carried out and AMD's position within the market place. The company sees itself at the technological forefront of its industry and strives to continually improve the services and products it provides.

Auditor
Ledger Sparks Limited were appointed auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities
The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Statement of disclosure to auditor

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

On behalf of the board

.....
Mr J A King
Director
Date: 24/08/17

.....
Mr M G Sullivan
Director
Date: 24/08/17

AMD ENVIRONMENTAL LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AMD ENVIRONMENTAL LIMITED

We have audited the financial statements of AMD Environmental Limited for the year ended 30 November 2016 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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. 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

AMD ENVIRONMENTAL LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF AMD ENVIRONMENTAL LIMITED

Matters on which we are required to report by exception

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

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

Roberto Colepio FCCA (Senior Statutory Auditor)
for and on behalf of Ledger Sparks Ltd

27/8/17

Chartered Accountants
Statutory Auditor

Airport House
Suite 43-45 Purley Way
Croydon
Surrey
CR0 0XZ

AMD ENVIRONMENTAL LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 NOVEMBER 2016

	Notes	2016 £	2015 £
Turnover	3	12,984,374	15,526,474
Cost of sales		(9,986,440)	(11,419,108)
Gross profit		2,997,934	4,107,366
Administrative expenses		(1,609,185)	(1,277,396)
Operating profit	4	1,388,749	2,829,970
Interest receivable and similar income	7	5,404	5,565
Interest payable and similar charges	8	-	(1,344)
Profit before taxation		1,394,153	2,834,191
Tax on profit	9	(291,855)	(589,185)
Profit for the financial year	22	1,102,298	2,245,006

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

There have been no recognised gains or losses during the year (2015 - none) other than the results above.

The company has no other items of comprehensive income in any of the periods for which the financial statements are presented. As such no separate statement of other comprehensive income is presented.

The notes on pages 12 to 24 form part of the financial statements.

AMD ENVIRONMENTAL LIMITED

BALANCE SHEET

AS AT 30 NOVEMBER 2016

	Notes	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Tangible assets	**11**		68,174		75,822
Current assets					
Stocks	**13**	1,000		1,000	
Debtors	**15**	2,825,209		5,282,864	
Cash at bank and in hand		4,801,218		2,757,297	
		7,627,427		8,041,161	
Creditors: amounts falling due within one year	**16**	(4,526,319)		(5,129,775)	
Net current assets			3,101,108		2,911,386
Total assets less current liabilities			3,169,282		2,987,208
Provisions for liabilities	**17**		(12,047)		(13,228)
Net assets			3,157,235		2,973,980
Capital and reserves					
Called up share capital	**21**		230		204
Profit and loss reserves	**22**		3,157,005		2,973,776
Total equity			3,157,235		2,973,980

The financial statements were approved by the board of directors and authorised for issue on 24/8/17 and are signed on its behalf by:

Mr J A King
Director

Mr M G Sullivan
Director

Company Registration No. 02448655

The notes on pages 12 to 24 form part of the financial statements

AMD ENVIRONMENTAL LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 NOVEMBER 2016

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 December 2014		204	2,189,196	2,189,400
Year ended 30 November 2015:				
Profit and total comprehensive income for the year		-	2,245,006	2,245,006
Dividends	**10**	-	(1,460,426)	(1,460,426)
Balance at 30 November 2015		204	2,973,776	2,973,980
Year ended 30 November 2016:				
Profit and total comprehensive income for the year		-	1,102,298	1,102,298
Issue of share capital	**21**	26	-	26
Dividends	**10**	-	(1,110,923)	(1,110,923)
Credit to equity for equity settled share-based payments	**20**	-	191,854	191,854
Balance at 30 November 2016		230	3,157,005	3,157,235

AMD ENVIRONMENTAL LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 NOVEMBER 2016

	Notes	2016 £	2016 £	2015 £	2015 £
Cash flows from operating activities					
Cash generated from operations	27		3,669,996		2,859,670
Interest paid			-		(1,344)
Income taxes paid			(511,000)		(300,595)
Net cash inflow from operating activities			3,158,996		2,557,731
Investing activities					
Purchase of tangible fixed assets		(9,582)		(66,812)	
Interest received		5,404		5,565	
Net cash used in investing activities			(4,178)		(61,247)
Financing activities					
Proceeds from issue of shares		26		-	
Dividends paid		(1,110,923)		(1,460,426)	
Net cash used in financing activities			(1,110,897)		(1,460,426)
Net increase in cash and cash equivalents			2,043,921		1,036,058
Cash and cash equivalents at beginning of year			2,757,297		1,721,239
Cash and cash equivalents at end of year			4,801,218		2,757,297

1 Accounting policies

Company information

AMD Environmental Limited is a private company limited by shares incorporated in England and Wales. The registered office is Jupiter House, Orbital One, Green Street Green Road, Dartford, Kent, DA1 1QG.

1.1 Accounting convention

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

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

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

These financial statements for the year ended 30 November 2016 are the first financial statements of AMD Environmental Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 December 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

1.2 Going concern

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

1.3 Turnover

Turnover is recognised for services provided in the normal course of business, and is shown net of VAT and trade discounts.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.4 Tangible fixed assets

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

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

Plant and machinery	20% Reducing balance
Motor vehicles	25% Reducing Balance

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

1 Accounting policies **(Continued)**

1.5 Impairment of fixed assets

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

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

Where the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as expenses in the period in which they are incurred and contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable.

The "percentage of completion method" is used to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. These costs are presented as stocks, prepayments or other assets depending on their nature, and provided it is probable they will be recovered.

1.8 Cash at bank and in hand

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

1 Accounting policies **(Continued)**

1.9 Financial instruments

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

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

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

1.11 Taxation

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

1 Accounting policies **(Continued)**

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date.

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date.

1.12 Employee benefits

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

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

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

1.13 Retirement benefits

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

1.14 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes pricing model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

1.15 Leases

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

1 Accounting policies **(Continued)**

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Judgements and key sources of estimation uncertainty

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

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

3 Turnover and other revenue

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

	2016	2015
	£	£
Turnover analysed by class of business		
Revenue	12,984,374	15,526,474

	2016	2015
	£	£
Other significant revenue		
Interest income	5,404	5,565

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

4 Operating profit

	2016	2015
Operating profit for the year is stated after charging:	£	£
Exchange losses	247	-
Fees payable to the company's auditor for the audit of the company's financial statements	15,600	15,600
Depreciation of owned tangible fixed assets	17,230	22,947
Cost of stocks recognised as an expense	3,092,318	3,666,702
Share-based payments	191,854	-
Operating lease charges	113,046	83,264

4 Operating profit (Continued)

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £247 (2015 - £-).

5 Employees

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

	2016 Number	2015 Number
Engineers	31	30
Administration	11	15
	42	45

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	2,074,285	1,882,680
Social security costs	209,825	214,847
Pension costs	122,520	141,119
	2,406,630	2,238,646

6 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	44,000	42,400
Company pension contributions to defined contribution schemes	100,000	131,800
	144,000	174,200

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2015 - 4).

The number of directors who exercised share options during the year was 1 (2015 - 0).

7 Interest receivable and similar income

	2016 £	2015 £
Interest income		
Interest on bank deposits	5,404	5,565

(Continued)

7 Interest receivable and similar income

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	5,404	5,565

8 Interest payable and similar charges

	2016 £	2015 £
Other finance costs:		
Other interest	-	1,344

9 Taxation

	2016 £	2015 £
Current tax		
UK corporation tax on profits for the current period	293,036	579,847
Deferred tax		
Origination and reversal of timing differences	(1,181)	9,338
Total tax charge	291,855	589,185

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2016 £	2015 £
Profit before taxation	1,394,153	2,834,191
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.33%)	278,831	576,248
Tax effect of expenses that are not deductible in determining taxable profit	13,024	12,752
Effect of change in corporation tax rate	-	45
Permanent capital allowances in excess of depreciation	1,181	(9,198)
Other non-reversing timing differences	(1,181)	9,338
Taxation charge for the year	291,855	589,185

10 Dividends

	2016	2015
	£	£
Final paid	497,837	682,760
Interim paid	613,086	777,666
	1,110,923	1,460,426

11 Tangible fixed assets

	Plant and machinery	Motor vehicles	Total
	£	£	£
Cost			
At 1 December 2015	198,200	26,015	224,215
Additions	9,582	-	9,582
At 30 November 2016	207,782	26,015	233,797
Depreciation and impairment			
At 1 December 2015	125,365	23,028	148,393
Depreciation charged in the year	16,483	747	17,230
At 30 November 2016	141,848	23,775	165,623
Carrying amount			
At 30 November 2016	65,934	2,240	68,174
At 30 November 2015	72,835	2,987	75,822

12 Financial instruments

	2016	2015
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1,484,712	1,769,239
Carrying amount of financial liabilities		
Measured at amortised cost	3,887,729	4,289,227

13 Stocks

	2016	2015
	£	£
Finished goods and goods for resale	1,000	1,000

14 Construction contracts

	2016 £	2015 £
Contracts in progress at the reporting date		
Gross amounts due from contract customers included in debtors	1,309,618	3,484,521
Gross amounts due to contract customers included in creditors	(1,239,695)	(1,907,497)

15 Debtors

Amounts falling due within one year:	2016 £	2015 £
Trade debtors	1,438,012	1,620,425
Gross amounts due from contract customers	1,309,618	3,484,521
Other debtors	46,700	148,814
Prepayments and accrued income	30,879	29,104
	2,825,209	5,282,864

16 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	2,165,109	2,356,376
Gross amounts due to contract customers	1,239,695	1,907,497
Corporation tax	123,883	341,847
Other taxation and social security	514,707	498,701
Other creditors	328,498	2,224
Accruals and deferred income	154,427	23,130
	4,526,319	5,129,775

17 Provisions for liabilities

	Notes	2016 £	2015 £
Deferred tax liabilities	18	12,047	13,228

18 Deferred taxation

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

Balances:	**Liabilities 2016 £**	**Liabilities 2015 £**
Accelerated capital allowances	12,047	13,228

Movements in the year:	**2016 £**
Liability at 1 December 2015	13,228
Credit to profit or loss	(1,181)
Liability at 30 November 2016	12,047

The deferred tax liability set out above is expected to reverse within the next accounting period and relates to accelerated capital allowances that are expected to mature within the same period.

19 Retirement benefit schemes

Defined contribution schemes	**2016 £**	**2015 £**
Charge to profit or loss in respect of defined contribution schemes	122,520	141,119

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

20 Share-based payment transactions

During the year, the company recognised total share-based payment expenses of £191,854 (2015 - £-) which related to equity settled share based payment transactions.

21 Share capital

	2016	2015
	£	£
Ordinary share capital		
Issued and fully paid		
100 Ordinary of £1 each	100	100
86 A Ordinary shares of £1 each	86	100
2 B Ordinary shares of £1 each	2	2
1 C Ordinary shares of £1 each	1	1
1 D Ordinary shares of £1 each	1	1
14 E Ordinary shares of £1 each	14	-
26 F Ordinary shares of £1 each	26	-
	230	204

Reconciliation of movements during the year:

	Ordinary & A Number	B, C & D Number	E Number	F Number
At 1 December 2015	200	4	-	-
Issue of fully paid shares	-	-	-	26
Transfer	(14)	-	14	-
At 30 November 2016	186	4	14	26

On 30 August 2016, 14 Ordinary A Shares of £ 1 each were transferred to Ordinary E shares of £1 each to the same shareholders. On 30 August 2016, 26 Ordinary F shares of £1 each were issued and fully paid. The Ordinary F shares were issued under the 'Enterprise Management Incentive' as share options to a director and shareholder - see Note 19.

The different classes of shares are not pari passu in terms of voting rights or dividends.

22 Profit and loss reserves

Profit and Loss account - this reserve records retained earnings and accumulated losses.

23 Operating lease commitments

Lessee

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

	2016	2015
	£	£
Within one year	109,646	105,621
Between two and five years	408,402	373,496
In over five years	205,333	293,333
	723,381	772,450

24 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sale of goods	
	2016	2015
	£	£
Proactive Engineering Consultants Limited -A company with common shareholder and director	404,229	261,072

The company's office premises are leased from the Amdail Pension Scheme - a self administered pension scheme for the benefit of J. King and the Tower Pension Trustees Limited - a self administered pension scheme for the benefit of M. Sullivan, J. Gray and D. Pearce. The rental payments made during the year was £88,000 (2015: £72,769).

The following amounts were outstanding at the reporting end date:

	2016	2015
Amounts owed to related parties	£	£
Other related parties	327,513	-

'Other related parties' as above include the directors. Loan from directors are unsecured, interest free and repayable on demand.

24 Related party transactions (Continued)

The following amounts were outstanding at the reporting end date:

Amounts owed by related parties	2016 Balance £
Proactive Engineering Consultants Limited -A company with common shareholder and director	209,147

Amounts owed in previous period	2015 Balance £
Proactive Engineering Consultants Limited -A company with common shareholder and director	59,499

25 Directors' transactions

Dividends totalling £1,110,923 (2015 - £1,460,426) were paid in the year in respect of shares held by the company's directors.

26 Controlling party

During the previous period and until 29 August 2016, the company was controlled by J. King by virtue of his majority shareholding. From 30 August 2016, the company was controlled by J. King and M. Sullivan as equal shareholders.

27 Cash generated from operations

	2016 £	2015 £
Profit for the year after tax	1,102,298	2,245,006
Adjustments for:		
Taxation charged	291,855	589,185
Finance costs	-	1,344
Investment income	(5,404)	(5,565)
Depreciation and impairment of tangible fixed assets	17,230	22,947
Equity settled share based payment expense	191,854	-
Movements in working capital:		
(Increase)/decrease in stocks	-	1,816,186
Decrease/(increase) in debtors	2,457,655	(3,339,417)
(Decrease)/increase in creditors	(385,492)	1,529,984
Cash generated from operations	3,669,996	2,859,670