Midas Construction Limited

Report and Financial Statements

30 April 2016

Directors
S L Hindley
A E Hope
S G Poulter
D Quinn
D F Rogerson
P S Strachan

Secretary
D F Rogerson

Auditors
Ernst & Young LLP
The Paragon
Counterslip
Bristol BS1 6BX

Bankers
Royal Bank of Scotland plc
3 Templeback East
Bristol BS1 9BX

Solicitors
Michelmores LLP
Woodwater House
Pynes Hill
Exeter EX2 5WR

Registered Office
Midas House
Pynes Hill
Exeter EX2 5WS

Strategic report

The directors present their strategic report for the year ended 30 April 2016.

Impact of transition to FRS 102

The company has implemented Financial Reporting Standard 102 (FRS 102) with a transition date of 1 May 2014. The impact of transition is detailed in note 23 to the financial statements. The most significant impact on the balance sheet is the first time recognition of a holiday pay accrual, which has served to reduce restated comparative year net assets by £139,000 (net of tax).

Review of the business

The Company is a wholly owned subsidiary of Midas Group Limited.

Midas Construction Limited (‘MCL’) operates through six regional offices providing a complete range of construction related services to both private and public sector clients.

The headline financials for the year were as follows:

	2016	2015	Change
	£’000	£’000	%
Turnover	133,429	179,918	-26%
Operating profit/(loss)	35	(1,099)	N/A
Net assets	4,255	4,112	+3%
Cash at bank and in hand	13,919	19,081	-27%

Despite the recovery in the general economy gaining further traction, the company continued to experience severe constraints in resource availability in certain sub-contract trades within the supply chain and it took the decision to reduce the proportion of single-stage competitive tenders and concentrate more on negotiated, two-stage and framework opportunities. This lead to a reduction in turnover of 26% and a consequent impact on gross margin available to cover overhead, contributing to an operating profit of £35k (2015 – loss of £1,099k). After a tax credit for the year of £49k, the company reported a profit after tax of £143k (2015 - £961k). When taken with other movements on reserves set out in the notes to these accounts, net assets increased by 3% to £4.255m.

The company does not have any external banking facilities and at the year-end its net indebtedness with other members of the group amounted to £1,304,000 payable (2015 – £455,000 payable).

Compared with the exceptional cash balances of 2014 and 2015, which were driven by higher than average levels of turnover in the months leading up to the 2014 and 2015 year ends, this year’s cash balance at £13.919m is more in line with the long-term trend experienced since 2010, and continues to demonstrate the underlying strength of the company and focus on working capital management.

MCL continues to raise environmental awareness within its team by delivering company wide environmental training programmes and has introduced waste reduction and recycling initiatives at all its office locations and construction sites.

The company has achieved ISO9001 and ISO14001 accreditation, together with OHSAS18001 accreditation.

Order books for MCL remain at levels which the directors believe will deliver improved trading in the coming year and are founded increasingly on negotiated and two-stage tender opportunities that enable the company to work more closely with its client base in delivering projects with sustainable margins.

Strategic report

Principal risks and uncertainties

The company refers to and uses key performance indicators (KPIs) in order to monitor business performance with reference to financial measures, Health & Safety, customer satisfaction, employee satisfaction and environmental scores. The company continues to capture and measure data at divisional and company levels with all the KPIs linking back to the group vision of industry leading performance and customer service. Risk management is also a priority and appropriate systems for the identification and control of risks are under continuous review.

The principal risks and uncertainties facing the company are broadly grouped as competitive, legislative and financial.

Competitive risks

MCL holds a place on 5 frameworks providing construction services in both the private and public sectors and continues to be successful in securing both private and public sector new orders.

Skilled labour in the construction industry is a finite resource and in order to continue to deliver quality projects to its customers, Midas needs to ensure that its workforce and those of its sub-contractors continue to be trained to the highest standard. In response to this, the Midas Academy was established during 2005, which not only services the training needs of its employees, but also delivers some training of the same high standard to its sub-contractors.

Labour market forces also place pressure on the company to retain its people which are seen as its major asset. In order to retain staff, the company aims to offer competitive remuneration packages and structured career development opportunities, but is continually at risk of competitors attracting staff away.

Legislative risks

Health and Safety is of paramount importance at Midas and the Accident Frequency Rate (AFR) is one of the principal KPIs which are focused on at board level. Any deterioration in AFR may cost time (through Health and Safety Executive (HSE) actions and management time) and money (through potential delays and/or HSE fines) on existing projects but also preclude the company from winning new work as customers continually look for excellent and improving Health and Safety records from their preferred contractors. The Group AFR is 0.14 which compares favourably with its peers, places it in the upper quartile for the industry and may help win new work from current or potential customers.

Financial risks

The traditional cash flow profile of a construction project is cash generative. The principal risk associated with cash flow is non-payment by clients. To that end, Midas maintains credit insurance on the majority of its private sector debtor book insuring up to 2 months' exposure on a project-by-project basis and to date has not had to enforce the policy.

As a construction company, the strength of the national and global economy has a direct impact on capital investment programmes in the private sector. Any downturn in the economy can restrict capital investment and, consequently, activity levels. Increases in interest rates make funding capital investment more expensive and therefore may reduce private sector appetite for investing in capital projects. Conversely, availability of grant funding in assisted areas encourages inward investment and stimulates construction and wider general economic activity.

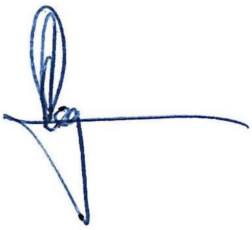
The commercial risks associated with construction contracts are many and varied, but a robust pre-tender bid/no-bid assessment together with strong procedures in the identification of both risk and opportunity at a project level, complimented by rigorous compliance and review seek to mitigate the effects.

Strategic report

Community

Midas has continued its commitment to have a positive impact upon the communities in which it operates with an aim to provide a top quality service and create employment opportunities in these communities. Midas will continue to make charitable donations, be creative and innovative in the way it interacts and engages with local communities and register all its sites in the 'Considerate Contractors' Scheme, of which it is now an Associate member.

By order of the Board



D F Rogerson
Secretary
27 July 2016

Registered No. 1240442

Directors' report

The directors present their report for the year ended 30 April 2016.

Directors

The directors who served the company during the year were as follows:

S L Hindley (Chairman)
A E Hope
S G Poulter
D Quinn
D F Rogerson
P S Strachan

Dividends

The directors do not recommend the payment of a final dividend.

An ordinary dividend of £nil (2015 – £500,000) was paid during the year.

Going concern

Having completed their assessment the directors have concluded that there are no material uncertainties that cast significant doubt about the ability of the company to continue as a going concern.

The company's business activities, together with the factors likely to affect its future development, performance and financial position are set out in the Strategic Report. The company has considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the company is well placed to manage its business risks successfully.

The directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Disabled employees

The Midas group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

The group received full accreditation under the Investors in People scheme in July 2000 and is committed to the principles underlying the Investors in People programme in furthering the skills and development of its employees. The group achieved re-accreditation in 2014 and was awarded a Silver Award in recognition of its commitment to continually develop and support its staff. During 2014, the group also achieved classification as a 'One to Watch Organisation' following a "Best Companies" employee survey.

The aims and objectives of the company continue to be communicated to employees through strategic seminars and company and divisional newsletters.

A growing number of employees are involved, through their participation in continuous improvement teams, in the development of effective management systems.

Directors' report

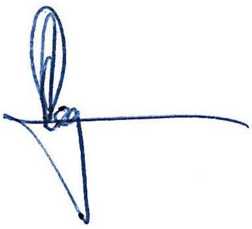
Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board



D F Rogerson
Secretary
27 July 2016

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 judgments and 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; and
- 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.

Independent auditors' report

to the members of Midas Construction Limited

We have audited the financial statements of Midas Construction Limited for the year ended 30 April 2016 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 23. 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 Financial Reporting Standard 102 "The Financial Reporting Standard applicable to 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 set out on page 7, 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 Strategic Report and Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the 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 April 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.

Independent auditors' report

to the members of Midas Construction 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.

Ernst & Young LLP

Paul Mapleston (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Bristol
27 July 2016

Notes:

1. The maintenance and integrity of the Midas Construction Limited web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Profit and loss account

for the year ended 30 April 2016

	Notes	*2016* *£000*	*2015 restated* *£000*
Turnover	2	133,429	179,918
Cost of sales		(126,124)	(175,529)
Gross profit		7,305	4,389
Administrative expenses		(7,270)	(5,488)
Operating profit/(loss)	3	35	(1,099)
Interest receivable and similar income	6	59	122
Interest payable and similar charges	7	–	–
Dividend receivable		–	1,750
Profit on ordinary activities before taxation		94	773
Tax	8	49	188
Profit for the financial year		143	961

All amounts relate to continuing activities. There is no other comprehensive income for the year (2015: nil). Profit for the year represents total comprehensive income.

Balance sheet

at 30 April 2016

	Notes	2016 £000	2015 restated £000
Fixed assets			
Tangible assets	10	105	131
Investments	11	946	946
		1,051	1,077
Current assets			
Stocks	12	800	800
Debtors	13	33,524	33,303
Cash at bank and in hand		13,919	19,081
		48,243	53,184
Creditors: amounts falling due within one year	14	45,039	50,149
Net current assets		3,204	3,035
Total assets less current liabilities		4,255	4,112
Creditors: amounts falling due after more than one year	15	–	–
Net assets		4,255	4,112
Capital and reserves			
Called up share capital	16	250	250
Profit and loss account		4,005	3,862
Shareholders' funds		4,255	4,112

The financial statements were approved and authorised for issue by the board on 27 July 2016 and signed on its behalf by:

S L Hindley

Director

D F Rogerson

Director

Registered No. 1240442

Statement of changes in equity

at 30 April 2016

	Called up share capital	*Profit and loss account*	*Total Equity*
	£000	*£000*	*£*
At 1 May 2014 (restated)	250	3,401	3,651
Profit for the year		961	961
Dividends paid	–	(500)	(500)
At 30 April 2015 (restated)	**250**	**3,862**	**4,112**
Profit for the year	–	143	143
Dividends paid	–	–	–
At 30 April 2016	**250**	**4,005**	**4,255**

Notes to the financial statements

at 30 April 2016

1. Accounting policies

Statement of compliance

Midas Construction Limited is a private company limited by share capital incorporated in England and Wales. The registered office is Midas House, Pynes Hill, Exeter, EX2 5WS.

The company's financial statements have been prepared in compliance with FRS102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland, as it applies to the financial statements of the company for the year ended 30 April 2016.

The company has adopted FRS102 and transferred from previously extant UK GAAP to FRS102 as at 1 May 2014. Comparatives have been restated, and an explanation of how transition to FRS102 has affected the reported financial position and financial performance is given in note 23. There are no material departures from FRS102.

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

The functional currency of Midas Construction Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates. The presentation currency is pounds sterling.

Certain of the company's activities are conducted through joint arrangements that do not create an entity carrying on a trade or business of its own. They are included in the financial statements in proportion to the company's interest in the income, expenses, assets and liabilities of these joint arrangements.

Statement of cash flows

The company has taken advantage of the exemption from preparing a statement of cash flows as permitted by FRS 102, on the grounds that it is a wholly owned subsidiary undertaking of a company preparing publicly available group financial statements.

Critical accounting judgements 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 revenue and expenses during the year. However the nature of estimation means the actual outcomes could differ from those involving estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

- Amounts recoverable on contracts are recognised by reference to the proportion of work carried out and the profit included is calculated on a prudent basis which involves management judgement.
- The pension cost and liabilities of the Midas group pension and life assurance scheme under FRS 102 are assessed in accordance with the directors' best estimates using the advice of an independent qualified actuary and assumptions in the latest actuarial valuation. Assumptions include the discount rate and mortality rates and changes in these assumptions will impact the carrying amount of pension obligations.

Tangible fixed assets

Tangible assets are depreciated by equal annual instalments over their estimated useful lives. The rates used are as follows:

Improvements to leasehold buildings	– 20%
Plant and equipment	– 33.3%
Fixtures, fittings and office equipment	– 20% to 33.3%

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Notes to the financial statements

at 30 April 2016

1. Accounting policies (continued)

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Long-term contracts

Revenue on long-term contracts is recognised by reference to the state of completion. Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs (labour, materials and other direct costs) as contract activity progresses. Turnover is calculated by independent valuation. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

Interest income

Revenue is recognised as interest accrues using the effective interest method.

Stocks

Stock is measured at the lower of cost and estimated selling price less costs to complete and sell.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.
- Deferred tax is recognised when the tax allowances for the cost of a fixed asset are received before or after the depreciation of the fixed asset is recognised in profit and loss. If and when all conditions for retaining the tax allowances have been met, the deferred tax is reversed.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Provisions for liabilities

The company recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

Hire of plant and machinery

Hire of plant and machinery includes the cost of operators, when these are included with the hire rate.

Operating leases

Rentals payable under operating leases and vehicle hire contracts are charged in the profit and loss account on a straight-line basis over the term of the lease.

Notes to the financial statements

at 30 April 2016

1. Accounting policies (continued)

Pensions

Retirement benefits for employees are provided by two pension schemes. The Midas Group Pension and Life Assurance Scheme, which was closed on 30 June 2004, is operated by the group and funded by contributions from the company and employees. It provides retirement and associated benefits based on a defined level of contributions, subject to a guaranteed minimum level of benefits. The parent undertaking of Midas Construction Limited, Midas Group Limited, has adopted FRS 102 effective from 1 May 2014 and is legally responsible for the defined benefit plan. Midas Construction Limited recognises a cost equal to its contribution payable for the period in its financial statements in accordance with the provisions of FRS 102.

Under the Midas Group Personal Pension Plan, a defined contribution scheme, contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

Retirement benefits for certain directors of group companies are provided by a self-administered scheme which does not provide guaranteed benefits and which is funded by contributions from the group and employees. Contributions from the group are charged against profits of the year in which they are paid.

Basic financial instruments

Financial assets and liabilities are recognised/(derecognised) when the Group becomes/(ceases to be) party to the contractual provisions of the instrument. The Group holds the following financial assets and liabilities:

- *Cash*
- *Short-term trade and other debtors and creditors*

Cash in the balance sheet comprises cash at banks and in hand and short term deposits with an original maturity date of three months or less.

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account before operating profit.

Classification of shares as debt or equity

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Accordingly, a financial instrument is treated as equity if:

(i). there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be unfavourable; and

(ii). the instrument is a non-derivative that contains no contractual obligations to deliver a variable number of shares or is a derivative that will be settled only by the Group exchanging a fixed amount of cash or other assets for a fixed number of the Group's own equity instruments.

When shares are issued, any component that creates a financial liability of the company or group is presented as a liability in the balance sheet; measured initially at fair value net of transaction costs and thereafter at amortised cost until extinguished on conversion or redemption. The corresponding dividends relating to the liability component are charged as interest expense in the income statement. The initial fair value of the liability component is determined using a market rate for an equivalent liability without a conversion feature.

The remainder of the proceeds on issue is allocated to the equity component and included in shareholders' equity, net of transaction costs. The carrying amount of the equity instrument is not re-measured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the shares based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Notes to the financial statements

at 30 April 2016

2. Turnover

Turnover, excluding VAT, comprises the value of work done on construction contracts and refurbishment, the one continuing activity, in the United Kingdom.

3. Operating profit/(loss)

This is stated after charging:

	2016	*2015*
	£000	*£000*
Depreciation of owned assets	32	15
Hire of plant and machinery	2,046	2,866
Operating lease rentals	139	125
Contract hire of vehicles	294	309

Auditor's remuneration in the current and prior year has been borne by Midas Group Limited, the parent undertaking of Midas Construction Limited.

4. Directors' remuneration

	2016	*2015*
	£000	*£000*
Remuneration	246	323
Company contribution paid to defined contribution pension schemes	41	58

The remuneration for the year, excluding pension contributions, of the highest paid director amounted to £141,000 (2015 – £124,000).

The company paid contributions totalling £nil (2015 – £nil) to a money purchase scheme in respect of the highest paid director.

Retirement benefits are accruing to 2 directors under a money purchase scheme (2015 – 2).

No compensation for loss of office was paid in the year (2015 – £30,000).

Notes to the financial statements

at 30 April 2016

5. Staff costs

	2016	*2015*
	£000	*£000*
Wages and salaries	10,813	10,603
Social security costs	1,239	1,199
Other pension costs	920	897
	12,972	12,699

The average monthly number of employees during the year was made up as follows:

	No.	*No.*
Construction and contracting	187	198
Administration	34	36
	221	234

6. Interest receivable and similar income

	2016	*2015*
	£000	*£000*
Bank interest	59	121
Other interest	–	1
	59	122

7. Interest payable and similar charges

	2016	*2015*
	£000	*£000*
Dividend payable on LTIP shares	–	–

8. Tax

(a) Tax on profit on ordinary activities

The tax credit is made up as follows:

	2016	*2015*
	£000	*£000*
Current tax:		
UK corporation tax on the profit for the year	38	(203)
Adjustments in respect of previous years	(85)	(5)
Total current tax	(47)	(208)
Deferred tax:		
Depreciation in excess of capital allowances (note 8(c))	(2)	20
Effect of change in UK corporate tax rate	–	–
Tax on profit on ordinary activities (note 8(b))	(49)	(188)

Notes to the financial statements

at 30 April 2016

8. Tax (continued)

(b) Factors affecting the total tax credit for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 20% (2015 – 20.92%). The differences are explained below:

	2016	*2015 restated*
	£000	*£000*
Profit on ordinary activities before tax	94	797
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 – 20.92%)	19	167
Effects of:		
Expenses not deductible for tax purposes and non-taxable income	17	(350)
Adjustments in respect of previous years	(85)	(5)
Tax credit for the year (note 8(a))	(49)	(188)

(c) Deferred tax

The deferred tax included in the balance sheet is as follows:

	2016	*2015*
	£000	*£000*
Included in debtors (note 13)	6	4

	2016	*2015*
	£000	*£000*
Depreciation in excess of capital allowances	(9)	(12)
Short-term timing differences	15	16
	6	4

The movements in deferred tax during the current year are as follows:

	£000
At 1 May 2015	4
Deferred tax in the profit and loss account (note 8(a))	2
At 30 April 2016 (note 13)	6

Notes to the financial statements

at 30 April 2016

9. Dividends

	2016	2015
	£000	£000
Proposed for approval by shareholders:		
Final dividend for 2016 – £nil (2015 – £nil)	–	–

The dividends payable on LTIP shares of £nil (2015 - £nil) are included within interest payable (note 7)

10. Tangible fixed assets

	Improvements to leasehold buildings	*Fixtures, fittings and office equipment*	*Plant and machinery*	*Total*
	£000	*£000*	*£000*	*£000*
Cost or valuation:				
At 1 May 2015	95	250	1	346
Additions	–	6	–	6
Disposals	–	–	–	–
At 30 April 2016	95	256	1	352
Depreciation:				
At 1 May 2015	24	190	1	215
Charge for the year	15	17	–	32
Disposals	–	–	–	–
At 30 April 2016	39	207	1	247
Net book value:				
At 30 April 2016	56	49	–	105
At 1 May 2015	71	60	–	131

11. Investments

	Subsidiary undertakings
	£000
Cost:	
At 1 May 2015	946
Additions	–
At 30 April 2016	946

Notes to the financial statements

at 30 April 2016

11. Investments (continued)

On 27 April 2015, Midas Construction Limited purchased the entire ordinary share capital of Midas Property Services (UK) Limited, a fellow subsidiary, from Midas Group Limited for consideration of £946,000.

As at the 30 April 2016 details of the investments in which the company directly holds 20% or more of the nominal value of any class of share capital are as follows:

Name of company	*Holding*	*Proportion of voting rights and shares held*	*Nature of business*
Midas Property Services (UK) Limited	Ordinary shares	100%	Property Services

12. Stocks

	2016	*2015 restated*
	£000	*£000*
Raw materials and components	800	800
	800	800

13. Debtors

	2016	*2015 restated*
	£000	*£000*
Trade debtors	12,459	17,372
Amount due from fellow subsidiary undertakings	905	626
Other debtors	330	52
Corporation tax	85	24
Deferred tax (note 8(c))	6	4
Prepayments and accrued income	251	215
Amounts recoverable on contracts	19,488	15,010
	33,524	33,303

Notes to the financial statements

at 30 April 2016

14. Creditors: amounts falling due within one year

	2016 £000	2015 restated £000
Trade creditors	9,483	9,518
Corporation tax	–	–
Other taxes and social security costs	481	1,179
Amount due to parent undertaking	2,209	1,055
Amount due to fellow subsidiary undertakings	–	26
Accruals	32,575	37,901
Other creditors	291	470
	45,039	50,149

15. Creditors: amounts falling due after more than one year

	2016 £000	2015 £000
Dividend on LTIP shares	–	–

The dividend declared on the LTIP shares is payable on the last day of the 24th month after it is declared and its payment is contingent on the holder of the relevant LTIP share remaining an employee of the company until the dividend has been paid.

16. Issued share capital

Allotted, called up and fully paid	2016 No.	2016 £000	2015 No.	2015 £000
Ordinary shares of £1 each	250,000	250	250,000	250
LTIP shares of 1p each (classified as a liability under FRS 102)	25,000	–	25,000	–
		250		250

Notes to the financial statements

at 30 April 2016

16. Issued share capital (continued)

Class rights

In the event that the employment of an LTIP shareholder ceases for any reason then the company is required to redeem the entire holding of the LTIP shares for an aggregate price of 1p.

In the event that the company (or parent undertaking) is disposed or sold, or in the event of a Listing of the company (or parent undertaking), then the company is required to acquire the LTIP shares by way of a purchase or redemption of own shares.

The respective rights and privileges of the shares are as follows:

As to voting

The LTIP shares do not carry any right to receive notice of, attend or vote at any general meeting of the company nor to vote on or participate in any written resolution of the company.

As to dividends

The company may declare and/or pay dividends separately to the holders of the LTIP shares as a class and/or the holders of the ordinary shares as a class.

The holders of the LTIP shares are entitled to participate in dividends declared and payable in respect of the LTIP shares as a class pro rata according to the number of LTIP shares held by them at the relevant record date. Dividends are payable to LTIP shareholders on the last day of the 24th month after the date on which they are declared on condition that the LTIP shareholder remains in the employment of the group at the date of payment.

With the exception of the above the holders of the LTIP shares have no right to participate in the dividends of the company.

As to capital

On a return of assets on liquidation, capital reduction or otherwise, the assets of the company remaining after paying all its liabilities shall be applied in the following order:

First, in paying to the holders of the ordinary shares the sum of £1 per share and in paying to the holders of the LTIP shares the sum of 1p per share (or pro rata according to their respective holdings in the event of any shortfall);

Second, in paying to the holders of the LTIP shares a sum equal to any relevant uplift in Net Asset Value over and above the Net Asset Value at the date of issue of the LTIP shares pro rata according to the number of shares held by each LTIP shareholder; and

Third, in paying to the holders of the ordinary shares any balance of such surplus pro rata according to the nominal value of ordinary shares held by each holder.

The relevant uplift in the Net Asset Value of the company shall mean the amount (if any) by which the net asset value of the company as at the date immediately prior to the return of assets exceeds that at the date of issue of the relevant shares, as determined by the company’s auditors (acting as experts and not as arbitrators) as being shown in the last available audited balance sheet of the company or (in the absence of any audited balance sheet) in its last available management financial statements and the determination made by the company for this purpose shall be final and binding on all its shareholders.

Notes to the financial statements

at 30 April 2016

17. Capital commitments

At 30 April 2016, the company had committed to spend £nil (2015 – £nil) on fixed assets.

18. Pensions

As explained in the accounting policies the group operates two pension schemes.

Defined contribution scheme

Under the Midas Group Personal Pension Plan, a defined contribution scheme, assets are held separately from those of the company in an independently administered trust. The contributions outstanding at the year end included in creditors (note 14) are £46,000 (2015 – £19,000). The pension cost for the year was £920,000 (2015 – £896,000).

Midas Group Pension and Life Assurance Scheme

The Midas Group Pension and Life Assurance Scheme was closed with effect from 30 June 2004. Preserved benefits will be funded by way of future special employer contributions. The contributions will be determined at each triennial actuarial valuation, however it is estimated that they will be approximately £356,000 per annum for the Midas group.

The scheme provides retirement and associated benefits based on a defined level of contributions, subject to a guaranteed minimum level of benefits. The parent undertaking of Midas Construction Limited, Midas Group Limited, has adopted FRS 102 effective from 1 May 2014 and is legally responsible for the defined benefit plan. Midas Construction Limited recognises a cost equal to its contribution payable for the period in its financial statements in accordance with the provisions of FRS 102.

Pension costs for the company charged in the year represent contributions payable in the year and amounted to £nil (2015 – £nil). At 30 April 2016, there was £nil (2015 – £nil) of outstanding contributions included in creditors.

The valuation of the Midas Group Pension and Life Assurance Scheme at 30 April 2016 under the requirements of FRS 102 showed a deficit of £2,118,000 before deferred tax of £424,000 (2015 – deficit of £2,305,000) with assets of £7,381,000 (2015 – £7,153,000) and liabilities of £9,499,000 (2015 – £9,458,000).

The full disclosures required under FRS 102 relating to the Midas Group Pension and Life Assurance Scheme are included in the financial statements of Midas Group Limited, the parent undertaking of Midas Construction Limited.

The last valuation of the scheme for funding purposes was carried out as at 5 April 2015 by a qualified independent actuary using the projected unit method. The assumptions which had the most significant effect on the results of the valuation were the low returns on long-term gilts which would extend liabilities beyond those previously estimated.

Notes to the financial statements

at 30 April 2016

19. Other financial commitments

At 30 April 2016 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings	
	2016	*2015*
	£000	*£000*
Operating leases which expire:		
Within one year	8	-
In one to two years	43	32
In two to five years	88	110
	139	142

20. Contingent liabilities

The company enters into performance bonds in the normal course of business. The directors expect no liability to arise in respect of these transactions.

21. Related party transactions

The company has taken advantage of the exemption in section 33, FRS 102 for wholly-owned subsidiary undertakings from disclosing transactions with related parties that are wholly owned by the Midas group.

22. Ultimate parent undertaking and controlling party

At 30 April 2016 the company's immediate and ultimate parent undertaking was Midas Group Limited. It has included the company in its group financial statements, copies of which are available from its registered office: Midas House, Pynes Hill, Exeter, EX2 5WS.

23. Transition to FRS 102

The company transitioned to FRS 102 from previously extant UK GAAP as at 1 May 2014. These are the company's first full year financial statements prepared in accordance with FRS 102. The accounting policies, set out in note 1, have been applied in preparing the financial statements for the year ended 30 April 2016 and the comparative year ended 30 April 2015.

The impact from the transition to FRS 102 is as follows:

Reconciliation of equity at 1 May 2014

	£000
Equity Shareholders funds at 1 May 2014 under previous UK GAAP	3,771
Holiday pay accrual	(155)
Current tax on holiday pay accrual	35
Equity Shareholders funds at 1 May 2014 under FRS102	3,651

Notes to the financial statements

at 30 April 2016

23. Transition to FRS 102 (continued)

Reconciliation of equity at 30 April 2015

	£000
Equity Shareholders funds at 30 April 2015 under previous UK GAAP	4,251
Holiday pay accrual	(179)
Current tax on holiday pay accrual	40
Equity Shareholders funds at 30 April 2015 under FRS102	4,112

The following were changes in accounting policies arising from the transition to FRS 102:

Holiday pay accrual

Under previous UK GAAP, the company accrued for holiday pay where this was expected to be paid as a cash sum where the employee was entitled to carry forward holidays earned indefinitely. However, the Group did not accrue for holiday pay that was earned but the holiday entitlement was expected to be taken in the subsequent financial year. Under FRS 102, the Group is required to accrue for all short-term compensated absences as holiday entitlement earned but not taken at the date of the statement of financial position. The impact is to increase holiday pay accrued by £155,311 and £179,802 at 1 May 2014 and 30 April 2015 respectively.

Inventory and long term contracts

The definition of inventory under FRS 102 does not include long term contract balances. On transition, inventory balances related to long term contracts have been reclassified to amounts recoverable on contracts in debtors, deferred income and accruals within creditors.

Tax

On transition to FRS 102, Midas Construction Limited has disclosed a reconciliation of the tax charge/ (credit) included in profit or loss and the profit or loss on ordinary activities before tax multiplied by the applicable tax rate. Under previous UK GAAP, a reconciliation of only current tax was disclosed.

Reconciliation of profit and loss for the year ended 30 April 2015

	£000
Profit for the year ended 30 April 2015 under previous UK GAAP	980
Increase in holiday pay accrual	(24)
Current tax on holiday pay accrual	5
Profit for the year ended 30 April 2015 under FRS102	961

Management information

for the year ended 30 April 2016

The following page does not form part of the statutory financial statements which are the subject of the independent auditors' report on pages 8 to 9.

Detailed profit and loss account

for the year ended 30 April 2016

	2016	2015
	£	£
Work done (adjusted for work in progress)	133,428,805	179,918,173
Cost of work done		
Materials	7,864,003	9,458,578
Subcontract	99,337,919	134,796,422,
Plant hire	2,046,373	2,866,226
Haulage	7,006	27,051
Wages and salaries	11,497,353	11,755,390
Site services	1,529,859	2,325,092
Motor running expenses	804,766	1,022,707
Architects, engineers and sundry fees	1,895,224	11,492,183
Insurance	844,130	1,445,421
Travel and accommodation	202,935	155,442
Legal fees re contracts	18,727	73,585
Bank charges on contracts finance	75,643	111,293
	126,123,938	175,529,390
Administration expenses		
Office salaries and wages	2,475,394	2,331,912
Office expenses	454,695	749497
Printing, postage, stationery and advertising	283,535	272,740
Telephone	664,514	687,115
Bank charges	2,146	1,865
Fees	1,097,091	633,443
Depreciation	31,536	13,521
Management charges	2,261,157	798,022
	7270068	5,488,115
Profit/(loss) before interest and taxation	34,799	(1,099,332)
Interest receivable	59,207	122,379
Interest payable	-	–
Dividend receivable	-	1,750,000
Profit before taxation	94,006	773,047