

Registered number: 04909202

**KERSHAW GROUP LIMITED  
and subsidiary undertakings**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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**KERSHAW GROUP LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	A C E Crouch G P Davies K E Smith G Smith (appointed 22 March 2018) I Greenstock (appointed 22 March 2018)
<b>Company secretary</b>	K E Smith
<b>Registered number</b>	04909202
<b>Registered office</b>	Edward Leonard House Pembroke Avenue Denny End Road Waterbeach Cambridge CB25 9QR
<b>Independent auditors</b>	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditors Equipoise House Grove Place Bedford MK40 3LE

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**KERSHAW GROUP LIMITED**

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## KERSHAW GROUP LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

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The directors present their report and the financial statements for the year ended 31 December 2017.

#### Directors' responsibilities

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.

#### Principal activities

The principal activities of the group continue to be the provision of specialist building services and energy saving solutions. These include the design, installation and maintenance of building services, insulation, specialist metal and flat roofing and cladding, as well as asbestos surveying and removal.

#### Results and dividends

The audited financial statements for the year ended 31 December 2017 are set out on pages 9 to 35.

The profit for the year, after taxation, amounted to £617,240 (2016 - loss £1,187,870).

During the year no ordinary share dividends were paid (2016 - £nil).

#### Directors

The directors who served during the year were:

E L Bird (retired 22 March 2018)  
A C E Crouch  
G P Davies  
M S Finlay (retired 22 March 2018)  
K E Smith

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**KERSHAW GROUP LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**Future developments**

Please see the business review and future developments section in the Group Strategic Report.

**Employee involvement**

The group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group through formal and informal meetings, notices and the electronic media.

**Disabled employees**

Applications for employment by disabled persons are always fully considered by the group where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. In the event of members of staff suffering a disability, every effort is made to ensure that their employment with the group continues under normal terms and conditions. It is the policy of the group that the training, career development and promotion of disabled person is, as far as possible, identical to that of other employees.

**Disclosure of information to auditors**

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

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

**Auditors**

The auditors, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



K E Smith  
Secretary

Date: 29 March 2018

**GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**Business review and future developments**

Trading conditions during 2016 were challenging as a result of a significant shift in the market conditions for ECO funded insulation and heating projects undertaken by Kershaw Contracting Services Limited. The changes saw a gradual but substantial fall in volume availability and the rates payable under the scheme, resulting in a significant fall in activity and profitability. Whilst attempts were made to find alternative income streams, including an expensive investment within the "Able to Pay" heating sector, the decision was made to withdraw completely from the domestic heating market with effect from March 2017. This strategic decision has enabled the directors and senior management of Kershaw Contracting Services to focus on the company's core new build insulation and asbestos operations, both of which have reported increased turnover and improved profitability in 2017.

Turnover for 2016 was also affected by programme delays on a number of projects. These issues only affected the timing of the projects being undertaken and has contributed to turnover for 2017 increasing to more than £53m. Continued investment in Building Information Modelling (BIM) technology has been a key driver of growth and along with its preconstruction capability, the group has an established pipeline in excess of £45m for 2018 and beyond. The client focussed approach affirms the group's confidence of exceeding client's expectations and consolidating its market position as a leading multi-disciplined building services provider.

The group is mindful of its impact upon the environment and carried out its own installation of a 73.5kW solar PV system at the group's head office. The group also engaged a supply chain partner to install energy efficient LED lighting throughout its head office building. Audit procedures and quality assurance programmes continue to be undertaken in order to further minimise the group's carbon footprint. The directors remain committed to the continued development of environmental policies and welcome the involvement of its employees and supply chain partners in this process.

Due to the active day to day involvement of the directors and shareholders in the management of the company, the directors consider turnover, gross margin and cash management to be the primary key performance indicators to monitor the performance and development of the company.

Subsequent to the year end, the Company has become a wholly owned subsidiary of Kershaw Group Holdings Limited.

**Principal risks and uncertainties**

Risks and uncertainties that arise in the conduct of the company's business are kept under regular review by the directors. The principal risks and uncertainties are considered to be the retention of key clients and skilled employees.

The company is exposed to various financial risks that arise as a normal part of its trading activities. The primary risks include cash flow, liquidity risk and credit risk.

**Treasury operations and financial instruments**

The Group operates a centralised treasury function which is responsible for managing the liquidity, interest and credit risks associated with the Group's activities. The Group closely monitors various other financial assets and liabilities such as trade debtors and trade creditors arising directly from its operations.

**Liquidity risk**

The Group manages its cash and borrowing requirements centrally to maximise interest income and minimise interest expense, whilst ensuring that the Group has sufficient liquid resources to meet the operating needs to its business.

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**KERSHAW GROUP LIMITED**

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**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**Credit risk**

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies approved by the board. All customers who wish to trade on credit terms are subject to credit verification procedures. The efficiency of collection of the trade debtors and the extension of credit to those clients are carefully controlled in order to minimise cash flow and credit risk.

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



**K E Smith**  
Secretary

Date: 29 March 2018

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**KERSHAW GROUP LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KERSHAW GROUP LIMITED**

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**Opinion**

We have audited the financial statements of Kershaw Group Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2017, which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity 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 December 2017 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 Auditors' 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 Auditors' 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



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KERSHAW GROUP LIMITED (CONTINUED)**

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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 1, 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.

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KERSHAW GROUP LIMITED

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KERSHAW GROUP LIMITED (CONTINUED)

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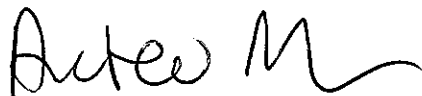
**Auditors' responsibilities for the audit of the financial statements**

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 Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

**Use of our report**

This report is made solely to the Company's shareholders, 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 shareholders those matters we are required to state to them in an Auditors' 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 shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Moyser FCCA ACA (Senior Statutory Auditor)  
for and on behalf of

**MHA MacIntyre Hudson**

Chartered Accountants

Statutory Auditors

Equipoise House

Grove Place

Bedford

MK40 3LE

Date: 3 April 2018

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**KERSHAW GROUP LIMITED**

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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	Note	2017 £	2016 £
Turnover	3	53,476,924	30,701,568
Cost of sales		(45,245,698)	(24,991,013)
<b>Gross profit</b>		<b>8,231,226</b>	<b>5,710,555</b>
Administrative expenses		(7,603,698)	(6,886,379)
<b>Operating profit/(loss)</b>		<b>627,528</b>	<b>(1,175,824)</b>
Interest receivable and similar income	4	6,198	10,322
Interest payable and expenses	5	(40,873)	(43,143)
<b>Profit/(loss) before taxation</b>		<b>592,853</b>	<b>(1,208,645)</b>
Tax on profit/(loss)	9	24,387	20,775
<b>Profit/(loss) for the financial year</b>		<b>617,240</b>	<b>(1,187,870)</b>
<b>Profit/(loss) for the year attributable to:</b>			
Owners of the parent Company		617,240	(1,187,870)
		<b>617,240</b>	<b>(1,187,870)</b>

There were no recognised gains and losses for 2017 or 2016 other than those included in the consolidated statement of comprehensive income.

There was no other comprehensive income for 2017 (2016:£NIL).

The notes on pages 13 to 34 form part of these financial statements.

CONSOLIDATED BALANCE SHEET  
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	11	2,064,085	2,241,217
		<u>2,064,085</u>	<u>2,241,217</u>
<b>Current assets</b>			
Stocks		102,062	113,674
Debtors	14	11,998,551	7,556,688
Cash at bank and in hand	15	3,760,381	3,479,612
		<u>15,860,994</u>	<u>11,149,974</u>
Creditors: amounts falling due within one year		<u>(12,541,552)</u>	<u>(8,686,573)</u>
<b>Net current assets</b>		<u>3,319,442</u>	<u>2,463,401</u>
<b>Total assets less current liabilities</b>		<u>5,383,527</u>	<u>4,704,618</u>
Creditors: amounts falling due after more than one year		<u>(1,056,234)</u>	<u>(994,565)</u>
<b>Net assets</b>		<u><u>4,327,293</u></u>	<u><u>3,710,053</u></u>
<b>Capital and reserves</b>			
Called up share capital	21	192,197	192,197
Share premium account		18,000	18,000
Capital redemption reserve		52,358	52,358
Other reserves		(29,231)	(29,231)
Profit and loss account		4,093,969	3,476,729
<b>Equity attributable to owners of the parent Company</b>		<u>4,327,293</u>	<u>3,710,053</u>
		<u><u>4,327,293</u></u>	<u><u>3,710,053</u></u>

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



**A C E Crouch**  
Group Finance Director

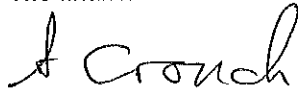
Date: 29 March 2018

The notes on pages 13 to 34 form part of these financial statements.

COMPANY BALANCE SHEET  
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	11	1,607,016	1,714,669
Investments	12	2,669,717	2,669,717
		<u>4,276,733</u>	<u>4,384,386</u>
<b>Current assets</b>			
Debtors	14	3,389,360	2,369,794
Cash at bank and in hand	15	85,690	177,353
		<u>3,475,050</u>	<u>2,547,147</u>
Creditors: amounts falling due within one year	16	(1,929,405)	(1,822,763)
<b>Net current assets</b>		<u>1,545,645</u>	<u>724,384</u>
<b>Total assets less current liabilities</b>		<u>5,822,378</u>	<u>5,108,770</u>
Creditors: amounts falling due after more than one year	17	(678,250)	(737,700)
<b>Net assets</b>		<u><u>5,144,128</u></u>	<u><u>4,371,070</u></u>
<b>Capital and reserves</b>			
Called up share capital	21	192,197	192,197
Share premium account		18,000	18,000
Capital redemption reserve		52,358	52,358
Other reserves		(29,231)	(29,231)
Profit and loss account carried forwards		4,910,804	4,137,746
		<u><u>5,144,128</u></u>	<u><u>4,371,070</u></u>

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



A C E Crouch  
Group Finance Director

Date: 29 March 2018

KERSHAW GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital £	Share premium account £	Capital redemption reserve £	Other reserves £	Profit and loss account £	Total equity £
At 1 January 2016	232,577	31,500	11,978	(29,231)	5,836,459	6,083,283
Loss for the year	-	-	-	-	(1,187,870)	(1,187,870)
Purchase of own shares	-	-	40,380	-	(1,171,860)	(1,131,480)
Shares redeemed during the year	(40,380)	(13,500)	-	-	-	(53,880)
At 1 January 2017	192,197	18,000	52,358	(29,231)	3,476,729	3,710,053
Profit for the year	-	-	-	-	617,240	617,240
At 31 December 2017	192,197	18,000	52,358	(29,231)	4,093,969	4,327,293

COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital £	Share premium account £	Capital redemption reserve £	Other reserves £	Profit and loss account £	Total equity £
At 1 January 2016	232,577	31,500	11,978	(29,231)	7,047,123	7,293,947
Loss for the year	-	-	-	-	(1,737,517)	(1,737,517)
Purchase of own shares	-	-	40,380	-	(1,171,860)	(1,131,480)
Shares redeemed during the year	(40,380)	(13,500)	-	-	-	(53,880)
At 1 January 2017	192,197	18,000	52,358	(29,231)	4,137,746	4,371,070
Profit for the year	-	-	-	-	773,058	773,058
At 31 December 2017	192,197	18,000	52,358	(29,231)	4,910,804	5,144,128

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**KERSHAW GROUP LIMITED**

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**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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	2017 £	2016 £
<b>Cash flows from operating activities</b>		
Profit/(loss) for the financial year	617,240	(1,187,870)
<b>Adjustments for:</b>		
Depreciation of tangible assets	336,438	337,097
Loss on disposal of tangible assets	(7,423)	(4,093)
Interest paid	40,873	43,143
Interest received	(6,198)	(10,322)
Taxation charge	(9,000)	(20,775)
Decrease/(increase) in stocks	11,612	(48,114)
(Increase)/decrease in debtors	(4,439,502)	2,365,024
Increase/(decrease) in creditors	4,012,620	(874,424)
Corporation tax received/(paid)	15,387	(181,725)
<b>Net cash generated from operating activities</b>	<u>572,047</u>	<u>417,941</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(104,261)	(54,395)
Sale of tangible fixed assets	51,450	4,325
Interest received	3,829	13,775
HP interest paid	(18,030)	(17,012)
<b>Net cash from investing activities</b>	<u>(67,012)</u>	<u>(53,307)</u>
<b>Cash flows from financing activities</b>		
Purchase of ordinary shares	-	(1,185,360)
Repayment of loans	(57,880)	(55,569)
Repayment of/new finance leases	(143,542)	(169,534)
Interest paid	(22,844)	(26,485)
<b>Net cash used in financing activities</b>	<u>(224,266)</u>	<u>(1,436,948)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>280,769</u>	<u>(1,072,314)</u>
Cash and cash equivalents at beginning of year	3,479,612	4,551,926
<b>Cash and cash equivalents at the end of year</b>	<u><u>3,760,381</u></u>	<u><u>3,479,612</u></u>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	3,760,381	3,479,612
	<u><u>3,760,381</u></u>	<u><u>3,479,612</u></u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**1. Accounting policies**

**1.1 General information**

Kershaw Group Limited is a limited liability company incorporated in England and Wales..

The Registered Office is Edward Leonard House, Pembroke Avenue, Denny End Road, Waterbeach, Cambridge, CB25 9QR.

**1.2 Statement of compliance**

The financial statements have been prepared in compliance with Financial Reporting Standard 102 as it applies to the financial statements for the year ended 31 December 2017.

**1.3 Basis of accounting**

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 2).

The following principal accounting policies have been applied:

**1.4 Basis of consolidation**

The group financial statements consolidate the accounts of Kershaw Group Limited and all its subsidiary undertakings drawn up to 31 December each year. Acquisitions are accounted for under the acquisition method. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from or to the date on which control has passed. Where material, goodwill arising on future acquisitions will be capitalised and amortised on a straight line basis over its useful economic life in accordance with Financial Reporting Standard No. 10 "Goodwill and Intangible Assets".

In the company's financial statements, investments in subsidiary undertakings are stated at cost, including a proportion of the acquisition costs.

No Statement of Comprehensive Income is presented for Kershaw Group Limited as provided by s408 of the Companies Act 2006. The company's profit for the financial period, determined in accordance with the Act, was £773,059, (2016 - a company loss of £1,737,517).



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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1. Accounting policies (continued)

1.5 Tangible fixed assets

Fixed assets disclosed as part of the subsidiary undertakings acquired or transferred between group undertakings, are stated at their deemed cost to the subsidiary or transferor undertaking, less the related accumulated depreciation and any provision for impairment, rather than at their net acquisition value to the company receiving title. Other fixed assets are recorded on the same basis, but at historic cost to the company.

Depreciation is provided on all tangible fixed assets except freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	-	2% per annum
Short leasehold buildings	-	term of lease
Plant and machinery	-	20% - 100% per annum
Motor vehicles	-	25% per annum
Fixtures and fittings	-	10% - 33% per annum
Computers	-	25% - 50% per annum

1.6 Fixed asset investments

Fixed asset investments are stated at their original cost, less permanent diminution in value.

1.7 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost incurred in bringing each product to its present location and condition is based on:

Raw materials and consumables - purchase cost on a first-in, first-out basis, including transport.  
Work in progress - cost of materials and labour plus attributable overheads.

Net realisable value is based on estimated normal selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

1.8 Taxation

Corporation tax payable is provided on taxable profits at the current rate.

The taxation liabilities of certain group companies are reduced wholly or in part by the surrender of losses by fellow group undertakings.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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1. Accounting policies (continued)

1.9 Deferred taxation

Deferred tax 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 a right to pay less or to receive more, tax, with the following exceptions:

\* provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

\* deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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.

1.10 Revenue

Revenue represents, in the case of long-term contracts, the proportion of contract value applicable to the activity in the year, ascertained by reference to the costs incurred to date. These costs are matched with the revenue, resulting in the reporting of attributable profit proportionate to the contract activity. Where the outcome of a contract cannot be foreseen with reasonable certainty but no loss is expected, revenue and costs are recorded as the activity progresses using a zero estimate of profit. In respect of short-term contracts the revenue is recorded at cost plus attributable overheads.

Estimates of total contract costs and revenues are reviewed periodically and the cumulative effects of changes are recognised in the period in which they are identified. All known or anticipated losses are provided for in full as soon as they are foreseen.

All costs incurred are recorded as cost of sales. Revenues recognised in excess of amounts billed are classified as amounts recoverable on contracts and included in debtors. Where cash is received in advance of the contract valuation, the balance is recognised as part of creditors due within one year, as payments received on account.

Revenue arises exclusively from activities within the United Kingdom. Separate segmental information has not been disclosed, as the directors are of the opinion that the amount of overseas activity is not significantly material to the level of overall turnover within these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**1. Accounting policies (continued)**

**1.11 Leases and hire purchase agreements**

The company enters into operating and finance leases.

Assets held under finance leases and similar contracts are initially reported at the fair value of the asset, with the capital elements of future lease obligations categorised as appropriate under creditors due within or after one year. The asset is depreciated over the shorter of the lease term and its useful economic life. Finance charges are allocated to accounting periods over the period of the lease. Finance lease rentals are apportioned between finance charges and reduction of the liability and allocated to cost of sales and other operating expenses as appropriate.

Rentals under operating leases are charged on a straight-line basis over the lease term even if the payments are not made on such a basis.

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the group profit and loss account at a constant rate of charge on the balance of capital repayments outstanding.

**1.12 Pension costs**

The group provides pensions through defined contribution pension schemes.

Under the defined contribution schemes the amount charged to the Statement of Comprehensive Income in respect of the pension cost and other post retirement benefits is the contributions payable in the year. Differences between the contributions payable in the year and contributions actually paid are disclosed as either accruals or prepayments in the balance sheet.

**1.13 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.

**1.14 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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1. Accounting policies (continued)

1.15 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, loans to related parties and investments in non-puttable ordinary shares.

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

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- i) at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- ii) at cost less impairment for all other investments.

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 Profit and Loss Account.

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

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

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

1.16 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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1. Accounting policies (continued)

1.17 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.18 Interest income

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

1.19 Borrowing costs

All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the year in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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

The preparation of financial statements in accordance with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

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

**a) Critical judgements in applying accounting policies**

i) There are no judgements (apart from those involving estimates) that have had a significant effect on amounts recognised in the Financial Statements.

**b) Key accounting estimates and assumptions**

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have the most significant potential impact upon the carrying values of assets and liabilities within the next financial year are as follows:

i) *Revenue recognition on long term contracts*

Recognition of revenue and profit is based on judgements made in respect of the ultimate profitability of a contract. Such judgements are arrived at through the use of estimates in relation to the costs and value of work performed to date and to be performed in bringing contracts to completion, including satisfaction of maintenance responsibilities. The Group has appropriate control procedures to ensure all estimates are determined on a consistent basis and subject to appropriate review and authorisation.

ii) *Useful economic lives of tangible fixed assets*

The useful economic lives used by the Group in respect of tangible fixed assets are set out in the accounting policies. These estimates are the best estimate based on past experience and expected performance and are regularly reviewed to ensure they remain appropriate. The net book value of tangible fixed assets as at 31 December 2017 was £2,064,085 after a depreciation charge in the period of £336,438.

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**KERSHAW GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**3. Analysis of turnover**

Turnover comprises the contract sales valuation (excluding VAT and trade discounts) of goods and services provided in the normal course of business. Turnover is derived entirely from the operations arising out of the provision of specialist building services within the United Kingdom.

	2017 £	2016 £
Turnover	<u>53,476,924</u>	<u>30,701,568</u>
	<u><u>53,476,924</u></u>	<u><u>30,701,568</u></u>

**4. Interest receivable**

	2017 £	2016 £
Bank Interest Receivable	<u>6,198</u>	<u>10,322</u>
	<u><u>6,198</u></u>	<u><u>10,322</u></u>

**5. Interest payable and similar charges**

	2017 £	2016 £
Bank loans and overdrafts	19,365	25,817
Other loan interest payable	3,478	314
Finance leases and hire purchase contracts	<u>18,030</u>	<u>17,012</u>
	<u><u>40,873</u></u>	<u><u>43,143</u></u>

**6. Profit on ordinary activities before taxation is stated after charging/(crediting):**

	2017 £	2016 £
Depreciation and amounts written off tangible fixed assets:	-	-
- Owned	224,437	202,943
- Held under finance lease and hire purchase contracts (see note 11)	112,001	134,154
Profit on sale of fixed assets	(7,423)	(4,093)
Operating lease rentals:	-	-
- Property rentals	71,875	71,875
- Vehicles and other rentals	<u>143,110</u>	<u>155,560</u>
	<u><u>143,110</u></u>	<u><u>155,560</u></u>

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**KERSHAW GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**7. Auditors' remuneration**

Audit services	28,600	27,000
Other services relating to accountancy	-	1,000
Other services relating to taxation	3,200	3,000
	<u>31,800</u>	<u>31,000</u>

**8. Staff costs**

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

	Group 2017 £	Group 2016 £
Wages and salaries	7,660,223	7,106,281
Social security costs	866,194	783,317
Cost of defined contribution schemes	404,861	404,555
	<u>8,931,278</u>	<u>8,294,153</u>

The average monthly number of persons (including executive Directors), during the year was as follows:

	2017 No.	2016 No.
Operatives	82	86
Administrative staff	119	111
	<u>201</u>	<u>197</u>



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**KERSHAW GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**9. Tax on profit on ordinary activities**

	2017 £	2016 £
<b>a) Current corporation tax</b>		
Current tax on profits for the year	91,563	-
Adjustments in respect of previous periods	(24,387)	(20,775)
SME R&D credits	(91,563)	-
<b>Total current tax</b>	<u>(24,387)</u>	<u>(20,775)</u>

**b) A reconciliation of the factors affecting the tax charge for the period includes:**

	2017 £	2016 £
Profit/(loss) on ordinary activities before tax	<u>592,853</u>	<u>(1,208,645)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	114,124	(241,729)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	4,360	493
Capital allowances for year in excess of depreciation	23,993	12,038
Adjustments to tax charge in respect of previous periods	(24,387)	(20,775)
Group relief	(50,914)	229,198
SME R&D credits	(91,563)	-
<b>Total tax charge for the year</b>	<u>(24,387)</u>	<u>(20,775)</u>

**Factors that may affect future tax charges**

Since the year end, the group received tax repayments, in respect of R&D tax claims, amounting to £688,932. An amount of £91,563 has been recognised as a tax asset in the financial statements, to the extent that the tax liability arising in the year is covered. There is an unrecognised asset amounting to £597,369, at the Balance Sheet date, relating to the R&D tax claim amounts received during 2018.

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**KERSHAW GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**10. Directors' remuneration**

	2017 £	2016 £
Directors' emoluments	327,544	304,430
Company contributions to defined contribution pension schemes	22,212	36,098
	<u>349,756</u>	<u>340,528</u>

During the year retirement benefits were accruing to 3 directors (2016 - 3) in respect of defined contribution pension schemes.

The group considers the key management personnel to comprise the directors only. Compensation paid to key management personnel is therefore the same as the disclosure of directors' remuneration above.

	2017 £	2016 £
Fees payable to third parties controlled by directors	74,429	73,534
	<u>74,429</u>	<u>73,534</u>

Fees to third parties represent amounts payable to Bird Consultancy Limited, under an agreement to provide the group with the services of E L Bird and Cambridge Advisory Limited, under an agreement to provide the services of G P Davies.

**Directors' emoluments**

The total emoluments and pension contributions attributable to the highest paid director were as follows:

	2017 £	2016 £
Emoluments	146,133	129,736
Pension contributions	-	15,330
	<u>146,133</u>	<u>145,066</u>

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**KERSHAW GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**11. Tangible fixed assets****Group**

	Freehold property £	Short-term leasehold property £	Plant, office equipment and motor vehicles £	Total £
<b>Cost or valuation</b>				
At 1 January 2017	1,612,201	67,916	2,095,162	3,775,279
Additions	-	-	203,333	203,333
Disposals	-	-	(308,444)	(308,444)
At 31 December 2017	1,612,201	67,916	1,990,051	3,670,168
<b>Depreciation</b>				
At 1 January 2017	106,677	18,785	1,408,600	1,534,062
Charge for the year on owned assets	34,500	6,666	183,271	224,437
Charge for the year on financed assets	-	-	112,001	112,001
Disposals	-	-	(264,417)	(264,417)
At 31 December 2017	141,177	25,451	1,439,455	1,606,083
<b>Net book value</b>				
At 31 December 2017	1,471,024	42,465	550,596	2,064,085
At 31 December 2016	1,505,524	49,131	686,562	2,241,217

Included in plant, office equipment and motor vehicles at 31 December 2017 are items held under finance leases and lease purchase agreements with a net book value of £209,200 (2016 - £291,421).

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**KERSHAW GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**11. Tangible fixed assets (continued)****Company**

	<b>Freehold property £</b>	<b>Office equipment and motor vehicles £</b>	<b>Total £</b>
<b>Cost or valuation</b>			
At 1 January 2017	1,612,201	428,806	2,041,007
Additions	-	1,700	1,700
Transfers intra group	-	851	851
Disposals	-	(13,880)	(13,880)
At 31 December 2017	<u>1,612,201</u>	<u>417,477</u>	<u>2,029,678</u>
<b>Depreciation</b>			
At 1 January 2017	106,677	219,661	326,338
Charge for the year on owned assets	34,500	74,878	109,378
Transfers intra group	-	636	636
Disposals	-	(13,690)	(13,690)
At 31 December 2017	<u>141,177</u>	<u>281,485</u>	<u>422,662</u>
<b>Net book value</b>			
At 31 December 2017	<u>1,471,024</u>	<u>135,992</u>	<u>1,607,016</u>
At 31 December 2016	<u>1,505,524</u>	<u>209,145</u>	<u>1,714,669</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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12. Fixed asset investments

**Subsidiary undertakings**

The Company has investments (both directly and indirectly) in the following subsidiary undertakings, all of which have been included in the consolidation:

**Kershaw Contracting Services Limited** - Insulation, asbestos management and energy conservation systems

Incorporated in England and Wales  
100% holding of Ordinary shares

**Kershaw Facilities Management Limited** - Non trading company

Incorporated in England and Wales  
100% holding of Ordinary shares

**Kershaw Insulation Limited** - Non trading company

Incorporated in England and Wales  
100% holding of Ordinary shares

**Kershaw Energy Limited** - Non trading company

Incorporated in England and Wales  
100% holding of Ordinary shares

**Kershaw Mechanical Services Limited** - Design, installation and maintenance of building services

Incorporated in England and Wales  
100% holding of Ordinary shares

**T R Freeman Limited** - Specialised metal roofing and cladding

Incorporated in England and Wales  
100% holding of Ordinary shares

**Kershaw Services Limited** - Non trading company

Incorporated in England and Wales  
100% holding of Ordinary shares

**Kershaw Group Employees' Trustees Limited** - Employee benefit trust

Incorporated in England and Wales  
100% holding of Ordinary shares

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**KERSHAW GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**12. Fixed asset investments (continued)**

The aggregate of the share capital and reserves as at 31 December 2017 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
Kershaw Contracting Services Limited	24,799	(520,550)
Kershaw Facilities Management Limited	-	-
Kershaw Insulation Limited	2	-
Kershaw Energy Limited	-	-
Kershaw Mechanical Services Limited	1,276,854	942,232
T R Freeman Limited	551,229	122,499
Kershaw Services Limited	566,858	700,000
Kershaw Group Employees' Trustees Limited	23,142	-
	<u>2,442,884</u>	<u>1,244,181</u>

**Company**

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 January 2017	2,669,717
At 31 December 2017	<u>2,669,717</u>
<b>Net book value</b>	
At 31 December 2017	2,669,717
At 31 December 2016	<u>2,669,717</u>

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KERSHAW GROUP LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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13. Stocks

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Raw materials and consumables	101,932	88,748	-	-
Long term contract balances	130	24,926	-	-
	<u>102,062</u>	<u>113,674</u>	<u>-</u>	<u>-</u>

There is no material difference between the balance sheet value of stocks and their replacement value.

14. Debtors

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
<b>Due after more than one year</b>				
Trade debtors	514,990	170,123	-	-
Prepayments and accrued income	1,425	2,508	1,425	2,508
	<u>516,415</u>	<u>172,631</u>	<u>1,425</u>	<u>2,508</u>
<b>Due within one year</b>				
Trade debtors	10,675,344	6,408,143	-	-
Amounts owed by group undertakings	-	-	3,030,205	1,995,892
Other debtors	45,314	89,981	24,632	61,821
Prepayments and accrued income	568,984	450,560	333,098	309,573
Amounts recoverable on long term contracts	192,494	435,373	-	-
	<u>11,998,551</u>	<u>7,556,688</u>	<u>3,389,360</u>	<u>2,369,794</u>

15. Cash and cash equivalents

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Cash at bank and in hand	3,760,381	3,479,612	85,690	177,353
	<u>3,760,381</u>	<u>3,479,612</u>	<u>85,690</u>	<u>177,353</u>

KERSHAW GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

16. Creditors: Amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank loans	58,068	56,498	58,068	56,498
Payments received on account	15,777	10,094	-	-
Trade creditors	10,964,584	7,731,654	396,956	149,180
Amounts owed to group undertakings	-	-	1,331,000	1,481,022
Corporation tax	-	9,000	-	-
Other taxation and social security	967,009	473,652	24,034	26,530
Obligations under finance lease and hire purchase contracts	118,520	116,051	-	-
Other creditors	341,563	221,978	76,171	69,058
Accruals and deferred income	76,031	67,646	43,176	40,475
	<u>12,541,552</u>	<u>8,686,573</u>	<u>1,929,405</u>	<u>1,822,763</u>

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

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank loans	678,250	737,700	678,250	737,700
Net obligations under finance leases and hire purchase contracts	115,990	162,927	-	-
Trade creditors	261,994	93,938	-	-
	<u>1,056,234</u>	<u>994,565</u>	<u>678,250</u>	<u>737,700</u>

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
<b>Amounts falling due within one year</b>				
Bank loans	58,068	56,498	58,068	56,498
	<u>58,068</u>	<u>56,498</u>	<u>58,068</u>	<u>56,498</u>
<b>Amounts falling due 1-2 years</b>				
Bank loans	678,250	737,700	678,250	737,700
	<u>678,250</u>	<u>737,700</u>	<u>678,250</u>	<u>737,700</u>

The bank loan is secured against the Company's freehold property.



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**KERSHAW GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**18. Hire purchase**

Minimum lease payments under hire purchase fall due as follows:

	<b>Group 2017 £</b>	<b>Group 2016 £</b>
Within one year	<b>118,519</b>	110,263
Between 1-5 years	<b>115,990</b>	158,995
	<b><u>234,509</u></b>	<b><u>269,258</u></b>

Each of the finance lease and hire purchase contracts are secured against the assets to which the specific finance agreement relates.

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**KERSHAW GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**19. Financial instruments**

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
<b>Financial assets</b>				
Financial assets that are debt instruments measured at amortised cost	11,235,648	6,668,247	3,054,837	2,057,713
	<u>11,235,648</u>	<u>6,668,247</u>	<u>3,054,837</u>	<u>2,057,713</u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	(12,304,459)	(8,841,768)	(2,540,445)	(1,329,979)
	<u>(12,304,459)</u>	<u>(8,841,768)</u>	<u>(2,540,445)</u>	<u>(1,329,979)</u>

Group Financial assets measured at amortised cost comprise:

- Trade debtors	£11,190,334	(2016- £6,578,266)
- Other debtors	£45,314	(2016- £89,981)

Company financial assets measured at amortised cost comprise:

- Amounts owed by group	£3,030,205	(2016- £1,995,892)
- Other debtors	£24,632	(2016- £61,821)

Group financial liabilities measured at amortised cost comprise:

- Trade creditors	£11,226,578	(2016- £7,825,592)
- Bank loans	£736,318	(2016- £794,198)
- Other creditors	£341,563	(2016- £221,978)

Company financial liabilities measured at amortised cost comprise:

- Trade creditors	£396,956	(2016- £149,180)
- Bank loans	£736,318	(2016- £794,198)
- Other creditors	£76,171	(2016- £69,058)
- Amounts owed to group undertakings	£1,331,000	(2016- £1,481,022)

**20. Reserves****Share premium**

The share premium account includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from the share premium. Premium received on shares which has subsequently been redeemed are also deducted from share premium.

**Capital redemption reserve**

The capital redemption reserve includes amounts transferred following the redemption of the Company's own shares.

**Other Reserves**

This relates to the employees benefit trust's brought forward from early years.

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**KERSHAW GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**Profit and loss account**

Profit and loss account includes all current and previous period retained profits and losses.

**21. Called-up share capital**

	2017 £	2016 £
<b>Authorised</b>		
261,193 B ordinary shares of £0.25 each	65,298	65,298
100,477 C ordinary shares of £0.25 each	25,119	25,119
587,683 Preference shares shares of £1 each	587,683	587,683
	<u>678,100</u>	<u>678,100</u>
<b>Allotted, called up and fully paid</b>		
76,079 B ordinary shares of £0.25 each	19,020	19,020
8,000 C ordinary shares of £0.25 each	2,000	2,000
171,177 Preference shares shares of £1 each	171,177	171,177
	<u>192,197</u>	<u>192,197</u>

**Ordinary shares**

The same rights exist for both the "B" 25p ordinary shares and "C" 25p ordinary shares which comprise the whole of the ordinary share capital of the company at 31 December 2017. The ordinary shares are the only shares which qualify for dividends and only fall due for repayment on a winding up following the return of capital to holders of preference shares. The ordinary shares qualify for one vote per share.

**Preference shares**

These shares have no rights to dividends, are non-redeemable, carry no voting rights and are given priority for the return of capital on winding up.

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**KERSHAW GROUP LIMITED**

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FOR THE YEAR ENDED 31 DECEMBER 2017**

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**22. Major non-cash transactions**

During the period, the group entered into finance lease and lease purchase arrangements in respect of assets with a total capital value at the inception of the leases of £99,073 (2016 - £147,950).

**23. Pension arrangements**

The group provides pension arrangements for the majority of its senior staff through defined contribution schemes and all the related costs have been written off to the profit and loss account in the period (note 7 refers). There were outstanding contributions at the balance sheet date of £8,768 (2016 - £35,481).

**24. Commitments under operating leases**

At 31 December 2017 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	<b>Group 2017 £</b>	<b>Group 2016 £</b>
<b>Land and buildings</b>		
Not later than 1 year	<b>62,091</b>	68,758
Later than 1 year and not later than 5 years	<b>112,000</b>	145,333
Later than 5 years	<b>56,000</b>	84,000
	<b>230,091</b>	298,091
	<b>Group 2017 £</b>	<b>Group 2016 £</b>
<b>Other</b>		
Not later than 1 year	<b>111,756</b>	129,924
Later than 1 year and not later than 5 years	<b>97,887</b>	152,521
	<b>209,643</b>	282,445

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**KERSHAW GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**25. Contingent liabilities**

A cross composite guarantee agreement exists between the company and its subsidiary undertakings whereby each company has guaranteed the bank accounts of the others. The bank overdraft facility is secured by a legal charge over the group's freehold property and by a debenture in the bank's standard form.

**26. Related party transactions**

Kershaw Group Limited has taken advantage of the exemption in Financial Reporting Standard 102 not to disclose transactions with 100% subsidiary undertakings.

**27. Controlling party**

Subsequent to the year end, the Company has become a wholly owned subsidiary of Kershaw Group Holdings Limited.