



Our Ref: A17\_PSC\_Michael J Lonsdale Limited

#### Persons of Significant Control

Name; Michael Hoodless

Date of birth; 29<sup>th</sup> November 1958

Nationality; British

Country, state or part of the UK where the PSC usually lives; UK

Service address; Unit 1 Langley Quay, Waterside Drive, Langley, Berkshire SL3 6EY

The date he or she became a PSC in relation to

the company (for existing companies the 6 April 2016 should be used); 6 April 2016

Which conditions for being a PSC are met;

More than 50% and less than 75%,

Name; Gary Herbert

Date of birth; 4<sup>th</sup> July 1962

Nationality; British

Country, state or part of the UK where the PSC usually lives; UK

Service address; Unit 1 Langley Quay, Waterside Drive, Langley, Berkshire SL3 6EY

The date he or she became a PSC in relation to

the company (for existing companies the 6 April 2016 should be used); 6 April 2016

Which conditions for being a PSC are met;

Over 25% up to (and including) 50%,



## Appendix A SQ Declaration

- I declare that to the best of my knowledge the answers submitted and the information contained in this SQ response are correct and accurate.
- I declare that, upon request and without delay I will provide the certificates or documentary evidence referred to in this document.
- I understand that the information will be used in the selection process to assess my organisation's suitability to be invited to participate further in this Procurement.
- I understand that Contracting Authority may reject this SQ response in its entirety and/or disqualify the Applicant from the Procurement process if there is a failure to answer all relevant questions fully or if false/misleading information or content is provided in any section.
- I confirm that no conflict of interest exists between me/us and my/our advisors, and the Contracting Authority and its advisors.

I understand that failure to ensure that no conflict of interest arise, may lead to disqualification from the procurement at the discretion of the Contracting Authority.

Signed by or on behalf of the Applicant.

Authorised Signatory



.....

Director

Name:	Mark Heath
On behalf of:	Michael J Lonsdale Limited
Position (Job Title):	Director
Date:	01.04.19
Telephone number:	01753 588750

# Appendix B – Mandatory Undertaking

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## Company Name – Michael J Lonsdale Limited

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[V & A Stratford Waterfront]

### Mandatory Undertaking

When you have completed your response to this SQ, please ensure that: -

- You have **answered** all appropriate questions on the LLDC Procurement Portal; and
- You have **enclosed** all documents requested; and
- You have **completed** the **red text entries** required in this Mandatory Undertaking; and
- You have **read, signed** (for the Applicant and all Relevant Companies), **returned** an electronic copy of this Mandatory Undertaking to the Contracting Authority **before the Deadline for the Receipt of Application**.

#### 1.1. Authority of Main Contact

I/We confirm that the representative named in the response to this SQ is authorised to act as the contact point on behalf of this Applicant and all its Relevant Companies in dealings with the Contracting Authority during the Procurement, as set out in this SQ.

#### 1.2. Disclaimers

I/We confirm that I/we have read and accept the disclaimers set out in Section 2 of this SQ.

#### 1.3. Accuracy of response

I/We certify that the information supplied is accurate to the best of my/our knowledge. I/We understand and accept that false information could result in exclusion from this procurement process.

I/We certify that I/we have made no alterations to the questions asked. I/we understand that if it is found that alterations, whether by addition, omission or substitution and whether made purposefully or not, have been made to the questions that I/we may be excluded from further consideration for any Contract to which this procurement process relates.

I/We undertake to notify the Contracting Authority as soon as practicable of any changes to any of the information given in response to this SQ that may arise during the Procurement.

#### **1.4. Gifts and inducements**

I/We also understand that it is a criminal offence, punishable by imprisonment, to give or offer any gift or consideration whatsoever as an inducement or reward to any servant of a Public Body. I/We also understand that any such action will empower the Contracting Authority to cancel any contract currently in force and will result in exclusion from this procurement process.

I/We confirm that we have made careful enquiry of our respective organisations and are satisfied that no criminal offence and no offer of a gift, consideration, inducement and/or reward to any servant of the Contracting Authority or anyone acting on the Contracting Authority's behalf has been made in connection with this or any other Contracting Authority procurement.

#### **1.5. Canvassing and solicitation**

I/We confirm that I/we have not canvassed or solicited any officer or employee of the Contracting Authority or anyone acting on behalf of the Contracting Authority in connection with this pre-qualification process and that no person employed by me/us or acting in my/our behalf has done any such act.

I/We further hereby undertake that I/we will not in the future canvass or solicit any officer or employee of the Contracting Authority or anyone acting on behalf of the Contracting Authority in connection with this selection process and that no person employed by me/us or acting in my/our behalf will do any such act.

#### **1.6. Bribery**

I/We undertake that I/we will not offer or agree to pay or give, or pay or give any sum of money, inducement of valuable consideration directly or indirectly to any person or have done so or cause or have caused to be done in relation to any other response to this selection process any such act or omission.

#### **1.7. Collusion**

I/We undertake that I/we will not enter into any agreement or arrangement with any other person that he/she shall refrain from participating in this selection process.

I/We also undertake that I/we will not at any time discuss with any other person any aspect of our response, and as evidenced below have procured this same undertaking from the Relevant Companies.

#### **1.8. Eligibility to engage in a public contract**

I/We confirm that none of the grounds set out in regulation 57 of the PCR apply, other than those declared in response to questions in the SQ uploaded in the Procurement Portal.

#### **1.9. Conflicts of Interest**

Having made comprehensive enquiries of our organisation (including the Relevant Companies) we are not aware of any actual or potential conflict of interest, whether professional, commercial or other conflict of interest nor to the best of our knowledge is there likely to be a conflict of interest should the Applicant or any Relevant Company be invited to enter into a contract with the Contracting Authority in relation to the Project.

### **1.10. No Marketing Rights**

I/We have not and will not do any of the following and we will procure that our subcontractors, agents, advisors and/or representations do not do any of the following:

- Make a public statement or communicate in any form with the media in connection with this Procurement without first obtaining the prior written consent of the Contracting Authority;
- Use any trademarks, logos or other intellectual property rights associated with the Games, QEOP or the Stakeholders;
- Represent that the Applicant or any Relevant Company is directly or indirectly associated in any way with the Games, the Contracting Authority or that its or their respective products and/or services are in any way endorsed by any Stakeholders; or
- Engage in any form of ambush marketing or marketing which creates or implies or refers to an association between the Applicant, the Relevant Companies and or the Games;

unless such action is expressly approved in writing by the Contracting Authority prior to such action taking place.

### **1.11. Confidentiality**

I/We undertake to execute and be bound by the terms of the Confidentiality Undertaking agreed on the Procurement Portal.


I/We acknowledge that the Contracting Authority may in its discretion publish the content of this SQ and any other documents issued by the Contracting Authority as part of this procurement process, including the full terms of any contract entered into as a result of this procurement process, to the general public.

### **1.12. Warranty**

We accept and agree that the Contracting Authority will only consider our Tender on the basis of this Mandatory Undertaking and we acknowledge that the Contracting Authority will rely on this Mandatory Undertaking. We the undersigned confirm that the Mandatory Undertaking is true and accurate and reflects our honestly held beliefs at the date of this Undertaking and if circumstances change such that the undertakings set out in this Mandatory Undertaking can no longer be honoured by any of us, we will immediately notify the Contracting Authority.

Signed by or on behalf of the Applicant.

Authorised Signatory

  
.....

Director

Name: **Mark Heath**

Title: **Director**

**Company Registration No. 02066642 (England and Wales)**

**MICHAEL J LONSDALE LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

# MICHAEL J LONSDALE LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	M Hoodless G Herbert M Heath P Hadjioannou K Feerick A Kohli
<b>Secretary</b>	M Hoodless
<b>Company number</b>	02066642
<b>Registered office</b>	1 Langley Quay Waterside Drive Langley Berkshire SL3 6EY
<b>Auditor</b>	Eacotts International Limited Grenville Court Britwell Road Burnham Buckinghamshire SL1 8DF

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# MICHAEL J LONSDALE LIMITED

## CONTENTS

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	<b>Page</b>
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 6
Profit and loss account	7
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12 - 24

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# MICHAEL J LONSDALE LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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The Directors present the strategic report and financial statements for the year ended 30th September 2017.

The company continues to trade in the construction industry specialising in the design, procurement, manufacture, installation and commissioning of mechanical, electrical and public health (MEP) works.

The business has an established reputation for consistency of delivery on outstanding projects across all market sectors.

We pride ourselves on the high calibre and expertise of our staff and provide an innovative solution to our Clients demands.

Our success has been achieved through our strong relationships with our Clients, Consultants and supply chain.

### **Fair review of the business**

The business has experienced an exceptional year with an increase in turnover and profit from the previous year.

We remain fully focused on the delivery and quality of our product and have enhanced our reputation in key sectors such as Pharmaceutical, Commercial Office, Fit Out, Education, High Tech Fit Out and Rail.

Several landmark projects have been completed and worked on in this period, notably Bloomberg new HQ, UBS, 5 Broadgate fit out, Land Securities new HQ, Principle Place, Imperial College Block C, Deutsche Bank, Google and Amazon. We are currently working on 22 and 100 Bishopsgate, Schroder's, Deloitte's and Imperial College Block E (laboratories). Michael J Lonsdale Limited has a strong and profitable order book and looks forward to 2018 in a very positive mood, despite Brexit and Worldwide issues.

The business has operated successfully across a variety of sectors; shell and core and fit out of offices, pharmaceutical / laboratories, data centres and rail (the business is not dependant on residential activity). Additionally, Michael J Lonsdale Limited is supporting Clients, Main Contractors and Consultants on frameworks. Michael J Lonsdale Limited continues to negotiate projects with Clients and sees this as the basis of the future of the business.

The focus is still on maintaining our excellent health and safety record in the workplace and maintains a conscious respect for our fellow workers in the environment. Michael J Lonsdale Limited has retained its business ethics in this period. Our honesty, trust, transparency, delivery and innovation have ensured relationships with existing Clients have been maintained and our business model has resulted in new partners and Clients being attracted.

The company continues to be at the forefront of innovation in the services sector and has invested solidly in its people. Additionally, the business has made substantial investment in software and hardware to improve design solutions and, in particular, modularised solutions to services installations. (Our persistence in innovation has resulted in Clients using Michael J Lonsdale Limited as their company of choice for delivery of services in their buildings).

Michael J Lonsdale Limited continues to maintain a contented workforce with a very low churn rate due to its special emphasis on training, team working and encouraging enjoyment and fun within the workplace. These philosophies have been extended to our supply chain who continue to grow with us and are very much treated as an extension of our business. Placements for students and apprentices have increased and the company continues to promote from within to retain its stability and success.

A combination of the brand of the business, the variety of work offered and the prestigious projects the company has won and continues to win has enabled it to attract external personnel of a high calibre that are highly skilled, self-motivated educated and experienced. Michael J Lonsdale Limited employees make it a world class business.

# MICHAEL J LONSDALE LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2017

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The company maintains all major accreditations such as ISO8001, ISO4001 and ISO9001 and is presently engaged in obtaining BIM2 status for employees and company.

Michael J Lonsdale Limited has based its company foundations on loyalty, trust, guaranteed quality, reliability and commitment to its Clients, workers and supply chain which has resulted in a substantial workload being secured for the periods 2017 and 2018.

Michael J Lonsdale Limited offer a strong financial business operating with substantial cash reserves to provide comfort to its Clients and Suppliers.

#### Principal risks and uncertainties

The business continues to operate at commercial rates. Its strength is in its flexibility to changing environments and sectors. At present it maintains a strong presence in all sectors of the market with excellent relationship with end users, consultants and main contractors. The business works in the following sectors:

- Commercial
- Data Centres
- Residential
- Health Care
- Education
- Media / Leisure
- Historic Buildings
- Research and design Laboratories

Brexit and the change in worldwide politics will not have any immediate impact on the business position. Long term we can see added benefits to our business as the marketplace opens up to alternative suppliers.

The demise of Carillion has had no material impact on Michael J Lonsdale Limited financially or operationally.

#### Development and performance

The company has a clear strategic policy to move it forward.

Michael J Lonsdale Limited will continue to grow as it invests in innovation, continues to provide a flexible and economical solution for its Clients, works closer with Suppliers and new products and delivers with style.

The business is primarily linked with construction in the South East of England.

Michael J Lonsdale Limited has built up a reputation in delivering very prestigious projects in London and will be considered for major projects in the future.


#### Key performance indicators

The gross profit for individual projects is monitored as well as the profit of the company as a whole. Michael J Lonsdale Limited has no legacy projects to report.

The gross profit margin for the period is 6.62%.

Michael J Lonsdale Limited looks forward to a positive 2018.

On behalf of the board

DocuSigned by:  
  
.....6GB8241D30D2470..  
M Hoodless  
Director

22 February 2018  
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# MICHAEL J LONSDALE LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 30 SEPTEMBER 2017

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The directors present their annual report and financial statements for the year ended 30 September 2017.

#### Principal activities

The company's principal activity during the period was that of environmental engineers and building services contractors. The company continues specialise in the design, procurement, manufacture, installation and commissioning of mechanical, electrical and public health (MEP) works.

#### Directors

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

M Hoodless  
G Herbert  
M Heath  
P Hadjioannou  
K Feerick  
A Kohli

#### Results and dividends

The results for the year are set out on page 7.

An interim ordinary dividend was paid amounting to £4,200,000. The directors do not recommend payment of a final dividend.

#### Auditor

The auditor, Eacotts International Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### Statement of directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 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.

# MICHAEL J LONSDALE LIMITED

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

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### Statement of disclosure to auditor

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

DocuSigned by:

*M Hoodless*

.....6CB8241D30E2470...

M Hoodless

Director

Date: 22 February 2018  
Date: .....

# MICHAEL J LONSDALE LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF MICHAEL J LONSDALE LIMITED

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#### Opinion

We have audited the financial statements of Michael J Lonsdale Limited (the 'company') for the year ended 30 September 2017 which comprise the Profit And Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, 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 FRS 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 company's affairs as at 30 September 2017 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.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

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

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

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

# MICHAEL J LONSDALE LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF MICHAEL J LONSDALE LIMITED

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### Matters on which we are required to report by exception

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

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.

### Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

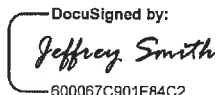
In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company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

### Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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

DocuSigned by:  
  
600067C901F84C2...

Mr Jeffrey Smith FCA (Senior Statutory Auditor)  
for and on behalf of Eacotts International Limited

23 February 2018  
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Chartered Accountants  
Statutory Auditor

Grenville Court  
Britwell Road  
Burnham  
Buckinghamshire  
SL1 8DF

# MICHAEL J LONSDALE LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2017

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	Notes	2017 £	2016 £
Turnover	3	215,324,761	187,138,672
Cost of sales		(201,075,036)	(175,156,227)
<b>Gross profit</b>		<b>14,249,725</b>	<b>11,982,445</b>
Administrative expenses		(7,195,083)	(7,184,514)
<b>Operating profit</b>	4	<b>7,054,642</b>	<b>4,797,931</b>
Interest receivable and similar income	8	38,916	89,312
Interest payable and similar expenses	9	(20,120)	(14,500)
<b>Profit before taxation</b>		<b>7,073,438</b>	<b>4,872,743</b>
Tax on profit	10	(1,509,605)	(853,717)
<b>Profit for the financial year</b>		<b>5,563,833</b>	<b>4,019,026</b>

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



# MICHAEL J LONSDALE LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2017

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	2017 £	2016 £
Profit for the year	5,563,833	4,019,026
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<u><u>5,563,833</u></u>	<u><u>4,019,026</u></u>

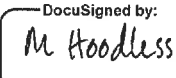
# MICHAEL J LONSDALE LIMITED

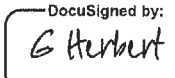
## BALANCE SHEET

AS AT 30 SEPTEMBER 2017

	Notes	2017		2016	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	12		135,098		160,127
<b>Current assets</b>					
Debtors	14	47,883,276		43,954,988	
Cash at bank and in hand		42,203,749		32,113,961	
		<u>90,087,025</u>		<u>76,068,949</u>	
<b>Creditors: amounts falling due within one year</b>	15	<u>(83,102,427)</u>		<u>(70,293,858)</u>	
<b>Net current assets</b>			<u>6,984,598</u>		<u>5,775,091</u>
<b>Total assets less current liabilities</b>			<u>7,119,696</u>		<u>5,935,218</u>
<b>Creditors: amounts falling due after more than one year</b>	17		(72,899)		(252,254)
<b>Net assets</b>			<u><u>7,046,797</u></u>		<u><u>5,682,964</u></u>
<b>Capital and reserves</b>					
Called up share capital	20		10,000		10,000
Profit and loss reserves			<u>7,036,797</u>		<u>5,672,964</u>
<b>Total equity</b>			<u><u>7,046,797</u></u>		<u><u>5,682,964</u></u>

The financial statements were approved by the board of directors and authorised for issue on 22 February 2018 and are signed on its behalf by:

DocuSigned by:  
  
 6C88241B30D2476...  
 M Hoodless  
 Director

DocuSigned by:  
  
 15D850A72078453...  
 G Herbert  
 Director

Company Registration No. 02066642

# MICHAEL J LONSDALE LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2017

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	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 October 2015</b>		10,000	5,653,938	5,663,938
<b>Year ended 30 September 2016:</b>				
Profit and total comprehensive income for the year		-	4,019,026	4,019,026
Dividends	11	-	(4,000,000)	(4,000,000)
<b>Balance at 30 September 2016</b>		10,000	5,672,964	5,682,964
<b>Year ended 30 September 2017:</b>				
Profit and total comprehensive income for the year		-	5,563,833	5,563,833
Dividends	11	-	(4,200,000)	(4,200,000)
<b>Balance at 30 September 2017</b>		10,000	7,036,797	7,046,797

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# MICHAEL J LONSDALE LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

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	Notes	2017 £	£	2016 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	25	14,831,416		19,646,561	
Interest paid		(20,120)		(14,500)	
Income taxes paid		(1,244,267)		(1,475,010)	
<b>Net cash inflow from operating activities</b>		<b>13,567,029</b>		<b>18,157,051</b>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(124,950)		-	
Proceeds on disposal of tangible fixed assets		150,000		-	
Proceeds from other investments and loans		701,980	878,231		
Interest received		38,916	89,312		
<b>Net cash generated from investing activities</b>		<b>765,946</b>		<b>967,543</b>	
<b>Financing activities</b>					
Payment of finance leases obligations		(43,187)	(32,035)		
Dividends paid		(4,200,000)	(4,000,000)		
<b>Net cash used in financing activities</b>		<b>(4,243,187)</b>		<b>(4,032,035)</b>	
<b>Net increase in cash and cash equivalents</b>		<b>10,089,788</b>		<b>15,092,559</b>	
Cash and cash equivalents at beginning of year		32,113,961		17,021,402	
<b>Cash and cash equivalents at end of year</b>		<b>42,203,749</b>		<b>32,113,961</b>	

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# MICHAEL J LONSDALE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

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### 1 Accounting policies

#### Company information

Michael J Lonsdale Limited is a private company limited by shares incorporated in England and Wales. The registered office is 1 Langley Quay, Waterside Drive, Langley, Berkshire, SL3 6EY.

#### 1.1 Accounting convention

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

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

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

#### 1.2 Going concern

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

#### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

#### 1.4 Tangible fixed assets

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

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

Plant and machinery	25% reducing balance
Fixtures, fittings & equipment	Between 15% and 25% reducing balance
Motor vehicles	Between 25% and 35% reducing balance

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

#### 1.5 Impairment of fixed assets

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

# MICHAEL J LONSDALE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2017

---

#### 1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.6 Construction contracts

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

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

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

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

#### 1.7 Cash at bank and in hand

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

#### 1.8 Financial instruments

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

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

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

# MICHAEL J LONSDALE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

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### 1 Accounting policies

(Continued)

#### **Basic financial assets**

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

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Basic financial liabilities**

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

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

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

#### **Derecognition of financial liabilities**

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

# MICHAEL J LONSDALE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

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### 1 Accounting policies

(Continued)

#### 1.9 Equity instruments

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

#### 1.10 Taxation

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

##### *Current tax*

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

##### *Deferred tax*

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

#### 1.11 Employee benefits

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

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

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

#### 1.12 Retirement benefits

The pension costs charged in the financial statements represent the contributions payable by the company during the year.

#### 1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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



# MICHAEL J LONSDALE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

### 2 Judgements and key sources of estimation uncertainty

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

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

### 3 Turnover and other revenue

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

	2017 £	2016 £
<b>Turnover analysed by class of business</b>		
Environmental engineers and building services	215,324,761	187,138,672

	2017 £	2016 £
<b>Other significant revenue</b>		
Interest income	38,916	89,312

	2017 £	2016 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	215,324,761	187,138,672

### 4 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	2,250	3,002
Depreciation of tangible fixed assets held under finance leases	64,165	75,552
Profit on disposal of tangible fixed assets	(66,437)	-
Operating lease charges	558,141	591,478

# MICHAEL J LONSDALE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2017

#### 5 Auditor's remuneration

	2017	2016
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	23,000	26,500
<b>For other services</b>		
Taxation compliance services	-	6,706
Other taxation services	12,803	12,333
All other non-audit services	4,969	303
	<u>17,772</u>	<u>19,342</u>

#### 6 Employees

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

	2017	2016
	Number	Number
Production	90	87
Office and management	43	41
	<u>133</u>	<u>128</u>

Their aggregate remuneration comprised:

	2017	2016
	£	£
Wages and salaries	8,377,052	8,059,012
Social security costs	913,707	889,729
Pension costs	725,882	698,522
	<u>10,016,641</u>	<u>9,647,263</u>

#### 7 Directors' remuneration

	2017	2016
	£	£
Remuneration for qualifying services	1,935,568	2,030,534
Company pension contributions to defined contribution schemes	249,506	79,425
	<u>2,185,074</u>	<u>2,109,959</u>

# MICHAEL J LONSDALE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

### 7 Directors' remuneration (Continued)

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2016 - 4).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2017 £	2016 £
Remuneration for qualifying services	573,441	489,018

### 8 Interest receivable and similar income

	2017 £	2016 £
<b>Interest income</b>		
Interest on bank deposits	38,916	87,671
Other interest income	-	1,641
Total income	38,916	89,312

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	38,916	87,671
--	--------	--------

### 9 Interest payable and similar expenses

	2017 £	2016 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on finance leases and hire purchase contracts	15,658	14,500
<b>Other finance costs:</b>		
Other interest	4,462	-
	20,120	14,500

### 10 Taxation

	2017 £	2016 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	1,432,922	1,132,573
Adjustments in respect of prior periods	76,683	(278,856)
Total current tax	1,509,605	853,717

# MICHAEL J LONSDALE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

### 10 Taxation

(Continued)

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

	2017 £	2016 £
Profit before taxation	7,073,438	4,872,743
Expected tax charge based on the standard rate of corporation tax in the UK of 19.50% (2016: 20.00%)	1,379,320	974,549
Tax effect of expenses that are not deductible in determining taxable profit	172,139	197,207
Tax effect of income not taxable in determining taxable profit	(12,955)	-
Permanent capital allowances in excess of depreciation	5,273	6,517
Research and development tax credit	(100,000)	-
Under/(over) provided in prior years	76,683	(278,856)
Other adjustments	(10,855)	(45,700)
Taxation charge for the year	1,509,605	853,717

### 11 Dividends

	2017 £	2016 £
Interim paid	4,200,000	4,000,000

# MICHAEL J LONSDALE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

### 12 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
<b>Cost</b>				
At 1 October 2016	43,823	225,315	340,000	609,138
Additions	-	-	124,950	124,950
Disposals	-	-	(188,000)	(188,000)
At 30 September 2017	43,823	225,315	276,950	546,088
<b>Depreciation and impairment</b>				
At 1 October 2016	40,782	219,354	188,875	449,011
Depreciation charged in the year	760	1,490	64,165	66,415
Eliminated in respect of disposals	-	-	(104,436)	(104,436)
At 30 September 2017	41,542	220,844	148,604	410,990
<b>Carrying amount</b>				
At 30 September 2017	2,281	4,471	128,346	135,098
At 30 September 2016	3,041	5,961	151,125	160,127

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2017 £	2016 £
Motor vehicles	128,346	151,125
Depreciation charge for the year in respect of leased assets	64,165	75,552

### 13 Financial instruments

	2017 £	2016 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	18,947,472	18,930,316
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	79,321,044	68,801,276

# MICHAEL J LONSDALE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

### 14 Debtors

	2017	2016
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	17,907,993	17,065,642
Gross amounts due from contract customers	28,031,839	24,346,743
Other debtors	1,039,479	1,864,674
Prepayments and accrued income	853,965	627,929
	<u>47,833,276</u>	<u>43,904,988</u>
	2017	2016
	£	£
<b>Amounts falling due after more than one year:</b>		
Deferred tax asset (note 18)	50,000	50,000
	<u>50,000</u>	<u>50,000</u>
<b>Total debtors</b>	<u>47,883,276</u>	<u>43,954,988</u>

### 15 Creditors: amounts falling due within one year

	2017	2016	
	£	£	
	Notes		
Obligations under finance leases	16	75,534	29,207
Trade creditors		51,035,281	37,615,057
Amounts due to group undertakings		1,713,890	1,900,364
Corporation tax		918,135	856,937
Other taxation and social security		2,936,147	887,899
Other creditors		779,262	42,384
Accruals and deferred income		25,644,178	28,962,010
		<u>83,102,427</u>	<u>70,293,858</u>

### 16 Finance lease obligations

	2017	2016
	£	£
<b>Future minimum lease payments due under finance leases:</b>		
Within one year	75,534	29,207
In two to five years	72,899	162,413
	<u>148,433</u>	<u>191,620</u>

Finance lease payments represent rentals payable by the company for motor vehicles. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

# MICHAEL J LONSDALE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

### 17 Creditors: amounts falling due after more than one year

	Notes	2017 £	2016 £
Obligations under finance leases	16	72,899	162,413
Corporation tax		-	89,841
		<u>72,899</u>	<u>252,254</u>

### 18 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets 2017 £	Assets 2016 £
<b>Balances:</b>		
Accelerated capital allowances	<u>50,000</u>	<u>50,000</u>

There were no deferred tax movements in the year.

The deferred tax asset set out above is expected to reverse within the foreseeable future and relates to accelerated capital allowances that are expected to mature within the same period.

### 19 Retirement benefit schemes

	2017 £	2016 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>725,882</u>	<u>698,522</u>

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

### 20 Share capital

	2017 £	2016 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
5,500 'A' Ordinary shares of £1 each	5,500	5,500
4,000 'B' Ordinary shares of £1 each	4,000	4,000
500 'C' Ordinary shares of £1 each	500	500
	<u>10,000</u>	<u>10,000</u>

# MICHAEL J LONSDALE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

### 21 Operating lease commitments

#### Lessee

Operating lease payments represent rentals payable by the company for certain of its properties, office equipment and motor vehicles. Property leases are negotiated for an average term of 20 years and rentals are fixed for an average of 5 years with rent reviews taking place every 5 years. Office equipment and motor vehicle leases are negotiated for an average term of 3 years and rentals are fixed for the term of the lease.

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

	2017	2016
	£	£
Within one year	398,113	442,431
Between two and five years	1,437,604	1,471,718
In over five years	464,343	819,343
	<u>2,300,060</u>	<u>2,733,492</u>

### 22 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2017	2016
	£	£
Aggregate compensation	<u>2,035,747</u>	<u>1,960,631</u>

### 23 Controlling party

The ultimate parent company is Michael Lonsdale Ltd (incorporated in Great Britain), for which group accounts, including the company's results, are drawn up and publicly available from Companies House, Crown Way, Cardiff, CF14 3UZ.

The ultimate controlling party is M Hoodless by virtue of his holding in the issued share capital of the ultimate parent undertaking Michael Lonsdale Ltd.



# MICHAEL J LONSDALE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2017

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#### 24 Directors' transactions

During the year the company undertook work on behalf of several companies owned by one of the directors and his wife. This work totalled £368,737 (2016: £359,007), At the year end £768,312 (2016: £841,212) was owed to the company.

During the year the company undertook work on behalf of one of the directors. This work totalled £282,629 (2016: £408,752), At the year end £Nil (2016: £351,355) was owed to the company.

#### 25 Cash generated from operations

	2017 £	2016 £
Profit for the year after tax	5,563,833	4,019,026
<b>Adjustments for:</b>		
Taxation charged	1,509,605	853,717
Finance costs	20,120	14,500
Investment income	(38,916)	(89,312)
Gain on disposal of tangible fixed assets	(66,437)	-
Depreciation and impairment of tangible fixed assets	66,415	78,554
<b>Movements in working capital:</b>		
(Increase)/decrease in debtors	(4,222,268)	13,094,051
Increase in creditors	11,999,064	1,676,025
<b>Cash generated from operations</b>	<u>14,831,416</u>	<u>19,646,561</u>

**Company Registration No. 02066642 (England and Wales)**

**MICHAEL J LONSDALE LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2018**

# MICHAEL J LONSDALE LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	M Hoodless G Herbert M Heath P Hadjioannou K Feerick A Kohli
<b>Secretary</b>	M Hoodless
<b>Company number</b>	02066642
<b>Registered office</b>	1 Langley Quay Waterside Drive Langley Berkshire SL3 6EY
<b>Auditor</b>	Eacotts International Limited Grenville Court Britwell Road Burnham SL1 8DF

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# MICHAEL J LONSDALE LIMITED

## CONTENTS

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	<b>Page</b>
Strategic report	1 - 3
Directors' report	4
Directors' responsibilities statement	5
Independent auditor's report	6 - 7
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12 - 24

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# **MICHAEL J LONSDALE LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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The Directors present the strategic report and financial statements for the year ended 30th September 2018.

The company continues to trade in the construction industry specialising in the design, procurement, manufacture, installation and commissioning of mechanical, electrical and public health (MEP) works.

The business has an established reputation for consistency of delivery on outstanding projects across all market sectors.

We pride ourselves on the high calibre and expertise of our staff and provide an innovative solution to our Clients demands.

Our success has been achieved through our strong relationships with our Clients, Consultants and supply chain.

#### **Fair review of the business**

The business has experienced an excellent year. Although turnover has decreased from the previous year it has been with the benefit of an increase in profit. The decrease in turnover was due to the company focusing on projects that it continued to delivery successfully and profitability.

We remain fully focused on the delivery and quality of our product and have continued to enhance our reputation in key sectors such as Pharmaceutical, Commercial Office, Fit Out, Education, High Tech Fit Out, Rail and Data Centres.

Several landmark projects have been completed and worked on during this period. Notably, Amazon, Imperial College Block C, 66 Chiltern Street, Schroders, Deloitte and Goldman Sachs.

We are currently working on 100 Liverpool Street, 22 Bishopsgate, 100 Bishopsgate, Imperial College Block E, Shell Bankside, Fidelity, Battersea Phase 2 and 1 Crown Place.

Michael J Lonsdale Limited has a very strong and profitable order book and looks forward to 2019 in a very positive mood, despite Brexit and Worldwide issues.

The business has operated successfully across a variety of sectors; shell and core and fit out of offices, pharmaceutical / laboratories, data centres and rail.

Additionally, Michael J Lonsdale Limited is supporting Clients, Main Contractors and Consultants on frameworks.

Michael J Lonsdale Limited continues to negotiate projects with Clients and sees this as the basis of the future of the business.

The focus is still on maintaining our excellent health and safety record in the workplace and maintains a conscious respect for our fellow workers in the environment.

Michael J Lonsdale Limited has retained its business ethics in this period. Our honesty, trust, transparency, delivery and innovation have ensured relationships with existing Clients have been maintained and our business model has resulted in new partners and Clients being attracted.

The company continues to be at the forefront of innovation in the services sector and has invested solidly in its people. Additionally, the business has made substantial investment in software and hardware to improve design solutions and, in particular, modularised solutions to services installations. (Our persistence in innovation has resulted in Clients using the Michael Lonsdale Group as their supplier of choice for delivery of services in their buildings).

The company is at the forefront of digital engineering and it incorporates BIM, modular solutions and electronic snagging procedures.

# **MICHAEL J LONSDALE LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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Michael J Lonsdale Limited continues to maintain a contented workforce with a very low churn rate due to its special emphasis on training, team working and encouraging enjoyment and fun within the workplace. These philosophies have been extended to our supply chain who continue to grow with us and are very much treated as an extension of our business.

Placements for students and apprentices have increased and the group continues to promote from within to retain its stability and success.

A combination of the brand of the business, the variety of work offered and the prestigious projects the group has won and continues to win has enabled it to attract external personnel of a high calibre that are highly skilled, self-motivated educated and experienced.

Michael J Lonsdale Limited employees make it a world class business.

The company maintains all major accreditations such as ISO8001, ISO4001, ISO9001, BIM2 and accreditations for Rail.

Michael J Lonsdale Limited has based its group foundations on loyalty, trust, guaranteed quality, reliability and commitment to its Clients, workers and supply chain which has resulted in a substantial workload being secured for the periods 2019 and 2020.

Michael J Lonsdale Limited offer a strong financial business operating with substantial cash reserves to provide comfort to its Clients and Suppliers.

#### **Principal risks and uncertainties**

The business continues to operate at commercial rates. Its strength is in its flexibility to changing environments and sectors. At present it maintains a strong presence in all sectors of the market with excellent relationship with end users, consultants and main contractors. The business works in the following sectors:

- Commercial
- Data Centres
- Residential
- Health Care
- Education
- Media / Leisure
- Historic Buildings
- Research and design Laboratories
- Rail

Brexit and the change in worldwide politics will not have any immediate impact on the business position. Long term we can see added benefits to our business as the marketplace opens up to alternative suppliers.

The demise of Carillion has had no material impact on Michael J Lonsdale Limited financially or operationally.

#### **Development and performance**

The company has a clear strategic policy to move it forward.

Michael J Lonsdale Limited will continue to grow as it invests in innovation, continues to provide a flexible and economical solution for its Clients, works closer with Suppliers and new products and delivers with style.

The business is primarily linked with construction in the South East of England.

Michael J Lonsdale Limited has built up a reputation in delivering very prestigious projects in London and South East and will be considered for major projects in the future.

# MICHAEL J LONSDALE LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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### Key performance indicators

The gross profit for individual projects is monitored as well as the profit of the company as a whole. Michael J Lonsdale Limited has no legacy projects to report.


The gross profit margin for the period is 9.55%.

Michael J Lonsdale Limited looks forward to a positive 2019.

### Financial Highlights

- Turnover for the year £173,248,882
- Operating profits of £7,545,842 (2017: £7,054,642)
- Cash at bank and in hand £33,241,451
- Increase in net current assets from £6,984,498 to £8,738,567
- Retained profit increase to £8,819,199

On behalf of the board

DocuSigned by:  
  
6CB8241D30D2470...

M Hoodless  
Director

05 March 2019  
.....

# MICHAEL J LONSDALE LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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The directors present their annual report and financial statements for the year ended 30 September 2018.

### Principal activities

The company's principal activity during the period was that of environmental engineers and building services contractors. The company continues specialise in the design, procurement, manufacture, installation and commissioning of mechanical, electrical and public health (MEP) works.

### Directors

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

M Hoodless  
G Herbert  
M Heath  
P Hadjoannou  
K Feerick  
A Kohli

### Results and dividends

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

An interim ordinary dividend was paid amounting to £4,400,000. The directors do not recommend payment of a final dividend.

### Auditor

The auditor, Eacotts International Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

### Statement of disclosure to auditor

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

DocuSigned by:  
*M Hoodless*

.....6CB8241D30D2470...

M Hoodless  
Director

05 March 2019

Date: .....



# **MICHAEL J LONSDALE LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 30 SEPTEMBER 2018***

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 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.

# MICHAEL J LONSDALE LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF MICHAEL J LONSDALE LIMITED

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#### Opinion

We have audited the financial statements of Michael J Lonsdale Limited (the 'company') for the year ended 30 September 2018 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, 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 FRS 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 company's affairs as at 30 September 2018 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.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's *responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

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

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

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

# MICHAEL J LONSDALE LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF MICHAEL J LONSDALE LIMITED

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#### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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.

#### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 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 company or to cease operations, or have no realistic alternative but to do so.


#### Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### Use of our report

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

DocuSigned by:  
  
600067C901F84C2...

Mr Jeffrey Smith FCA (Senior Statutory Auditor)  
for and on behalf of Eacotts International Limited

05 March 2019  
.....

Chartered Accountants  
Statutory Auditor

Grenville Court  
Britwell Road  
Burnham  
SL1 8DF

# MICHAEL J LONSDALE LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2018

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	Notes	2018 £	2017 £
Turnover	3	173,248,882	215,324,761
Cost of sales		(156,696,517)	(201,075,036)
<b>Gross profit</b>		<b>16,552,365</b>	<b>14,249,725</b>
Administrative expenses		(9,006,523)	(7,195,083)
<b>Operating profit</b>	4	<b>7,545,842</b>	<b>7,054,642</b>
Interest receivable and similar income	8	40,836	38,916
Interest payable and similar expenses	9	(8,659)	(20,120)
<b>Profit before taxation</b>		<b>7,578,019</b>	<b>7,073,438</b>
Tax on profit	10	(1,395,617)	(1,509,605)
<b>Profit for the financial year</b>		<b>6,182,402</b>	<b>5,563,833</b>

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

# MICHAEL J LONSDALE LIMITED

## BALANCE SHEET

AS AT 30 SEPTEMBER 2018

	Notes	2018		2017	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	12		90,632		135,098
<b>Current assets</b>					
Debtors	14	37,544,456		47,883,276	
Investments	15	200,000		-	
Cash at bank and in hand		33,241,451		42,203,749	
		<u>70,985,907</u>		<u>90,087,025</u>	
<b>Creditors: amounts falling due within one year</b>	16	<u>(62,247,340)</u>		<u>(83,102,427)</u>	
<b>Net current assets</b>			<u>8,738,567</u>		<u>6,984,598</u>
<b>Total assets less current liabilities</b>			<u>8,829,199</u>		<u>7,119,696</u>
<b>Creditors: amounts falling due after more than one year</b>	18		-		(72,899)
<b>Net assets</b>			<u><u>8,829,199</u></u>		<u><u>7,046,797</u></u>
<b>Capital and reserves</b>					
Called up share capital	21		10,000		10,000
Profit and loss reserves			8,819,199		7,036,797
<b>Total equity</b>			<u><u>8,829,199</u></u>		<u><u>7,046,797</u></u>

05 March 2019

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

DocuSigned by:

*M Hoodless*

.....6CB8241D39D2470...

M Hoodless  
Director

DocuSigned by:

*G Herbert*

.....19D850A72078453:..

G Herbert  
Director

Company Registration No. 02066642

# MICHAEL J LONSDALE LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2018

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	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 October 2016</b>		10,000	5,672,964	5,682,964
<b>Year ended 30 September 2017:</b>				
Profit and total comprehensive income for the year		-	5,563,833	5,563,833
Dividends	11	-	(4,200,000)	(4,200,000)
<b>Balance at 30 September 2017</b>		10,000	7,036,797	7,046,797
<b>Year ended 30 September 2018:</b>				
Profit and total comprehensive income for the year		-	6,182,402	6,182,402
Issue of share capital	21	10,000	-	10,000
Dividends	11	-	(4,400,000)	(4,400,000)
Reduction of shares	21	(10,000)	-	(10,000)
<b>Balance at 30 September 2018</b>		10,000	8,819,199	8,829,199

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# MICHAEL J LONSDALE LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Notes	2018 £	£	2017 £	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	26	(2,970,733)		15,094,431	
Interest paid		(8,659)		(20,120)	
Income taxes paid		(1,348,208)		(1,448,405)	
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(4,327,600)</b>		<b>13,625,906</b>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		-	(124,950)		
Proceeds on disposal of tangible fixed assets		-	149,999		
Other investments and loans made	(200,000)		-		
Proceeds from other investments and loans		-	643,104		
Interest received	40,836		38,916		
<b>Net cash (used in)/generated from investing activities</b>		<b>(159,164)</b>		<b>707,069</b>	
<b>Financing activities</b>					
Payment of finance leases obligations		(75,534)	(43,187)		
Dividends paid		(4,400,000)	(4,200,000)		
<b>Net cash used in financing activities</b>		<b>(4,475,534)</b>		<b>(4,243,187)</b>	
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(8,962,298)</b>		<b>10,089,788</b>	
Cash and cash equivalents at beginning of year		42,203,749		32,113,961	
<b>Cash and cash equivalents at end of year</b>		<b>33,241,451</b>		<b>42,203,749</b>	

# MICHAEL J LONSDALE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

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### 1 Accounting policies

#### Company information

Michael J Lonsdale Limited is a private company limited by shares incorporated in England and Wales. The registered office is 1 Langley Quay, Waterside Drive, Langley, Berkshire, SL3 6EY.

#### 1.1 Accounting convention

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

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

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

#### 1.2 Going concern

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

#### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

#### 1.4 Tangible fixed assets

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

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

Plant and machinery	25% reducing balance
Fixtures, fittings & equipment	Between 15% and 25% reducing balance
Motor vehicles	Between 25% and 35% reducing balance

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

#### 1.5 Impairment of fixed assets

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



# MICHAEL J LONSDALE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2018

---

#### 1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.6 Construction contracts

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

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

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When costs incurred in securing a contract are recognised as an expense in the period in which they are incurred, they are not included in contract costs if the contract is obtained in a subsequent period.

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

#### 1.7 Cash at bank and in hand

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

# MICHAEL J LONSDALE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

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### 1 Accounting policies

(Continued)

#### 1.8 Financial instruments

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

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

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

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

##### **Other financial assets**

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

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

# MICHAEL J LONSDALE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

---

### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

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

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

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

#### **Derecognition of financial liabilities**

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

### 1.9 Equity instruments

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

### 1.10 Taxation

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

#### **Current tax**

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

#### **Deferred tax**

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

### 1.11 Employee benefits

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

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

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

### 1.12 Retirement benefits

The pension costs charged in the financial statements represent the contributions payable by the company during the year.

# MICHAEL J LONSDALE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

### 1 Accounting policies

(Continued)

#### 1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

### 2 Judgements and key sources of estimation uncertainty

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

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

### 3 Turnover and other revenue

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

	2018 £	2017 £
<b>Turnover analysed by class of business</b>		
Environmental engineers and building services	173,248,882	215,324,761
	<u>173,248,882</u>	<u>215,324,761</u>
	2018 £	2017 £
<b>Other significant revenue</b>		
Interest income	40,836	38,916
	<u>40,836</u>	<u>38,916</u>
	2018 £	2017 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	173,248,882	215,324,761
	<u>173,248,882</u>	<u>215,324,761</u>

# MICHAEL J LONSDALE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

### 4 Operating profit

	2018	2017
	£	£
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	1,688	2,250
Depreciation of tangible fixed assets held under finance leases	42,778	64,165
Profit on disposal of tangible fixed assets	-	(66,437)
Operating lease charges	537,704	558,141

### 5 Auditor's remuneration

	2018	2017
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	27,000	23,000
<b>For other services</b>		
Taxation compliance services	6,813	-
Other taxation services	13,660	12,803
All other non-audit services	3,979	4,969

### 6 Employees

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

	2018	2017
	Number	Number
Production	96	90
Office and management	43	43

Their aggregate remuneration comprised:

	2018	2017
	£	£
Wages and salaries	9,860,012	8,377,052
Social security costs	1,088,806	913,707
Pension costs	709,949	725,882

# MICHAEL J LONSDALE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

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7 Directors' remuneration	2018 £	2017 £
Remuneration for qualifying services	1,937,811	1,935,568
Company pension contributions to defined contribution schemes	96,067	249,506
	<u>2,033,878</u>	<u>2,185,074</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2017 - 4).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2018 £	2017 £
Remuneration for qualifying services	<u>603,065</u>	<u>573,441</u>

### 8 Interest receivable and similar income

	2018 £	2017 £
<b>Interest income</b>		
Interest on bank deposits	<u>40,836</u>	<u>38,916</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>40,836</u>	<u>38,916</u>
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### 9 Interest payable and similar expenses

	2018 £	2017 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on finance leases and hire purchase contracts	8,659	15,658
<b>Other finance costs:</b>		
Other interest	-	4,462
	<u>8,659</u>	<u>20,120</u>

# MICHAEL J LONSDALE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

(Continued)

### 10 Taxation

	2018 £	2017 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	1,688,631	1,432,922
Adjustments in respect of prior periods	(293,014)	76,683
Total current tax	<u>1,395,617</u>	<u>1,509,605</u>

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

	2018 £	2017 £
Profit before taxation	<u>7,578,019</u>	<u>7,073,438</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.50%)	1,439,824	1,379,320
Tax effect of expenses that are not deductible in determining taxable profit	218,894	172,139
Tax effect of income not taxable in determining taxable profit	-	(12,955)
Group relief	(69,920)	-
Permanent capital allowances in excess of depreciation	1,708	5,273
Research and development tax credit	(415,060)	(100,000)
Under/(over) provided in prior years	122,046	76,683
Other adjustments	98,125	(10,855)
Taxation charge for the year	<u>1,395,617</u>	<u>1,509,605</u>

### 11 Dividends

	2018 £	2017 £
Interim paid	<u>4,400,000</u>	<u>4,200,000</u>

# MICHAEL J LONSDALE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

### 12 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
<b>Cost</b>				
At 1 October 2017 and 30 September 2018	43,823	225,315	276,950	546,088
<b>Depreciation and impairment</b>				
At 1 October 2017	41,542	220,844	148,604	410,990
Depreciation charged in the year	570	1,118	42,778	44,466
At 30 September 2018	42,112	221,962	191,382	455,456
<b>Carrying amount</b>				
At 30 September 2018	1,711	3,353	85,568	90,632
At 30 September 2017	2,281	4,471	128,346	135,098

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2018 £	2017 £
Motor vehicles	85,568	128,346
Depreciation charge for the year in respect of leased assets	42,778	64,165

### 13 Financial instruments

	2018 £	2017 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	18,239,082	18,947,472
Equity instruments measured at cost less impairment	200,000	-
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	60,250,723	79,321,044



# MICHAEL J LONSDALE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

### 14 Debtors

	2018	2017
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	17,164,373	17,907,993
Gross amounts owed by contract customers	18,996,791	28,031,839
Other debtors	1,074,709	1,039,479
Prepayments and accrued income	258,583	853,965
	<u>37,494,456</u>	<u>47,833,276</u>
<b>Amounts falling due after more than one year:</b>		
Deferred tax asset (note 19)	50,000	50,000
	<u>50,000</u>	<u>50,000</u>
<b>Total debtors</b>	<u>37,544,456</u>	<u>47,883,276</u>

### 15 Current asset investments

	2018	2017
	£	£
Listed investments	200,000	-
	<u>200,000</u>	<u>-</u>
<b>Listed investments included above:</b>		
Listed investments carrying amount	200,000	-
Market value if different from carrying amount	262,963	-
	<u>262,963</u>	<u>-</u>

At the balance sheet date the market value of the investment, as noted above, is not materially different to the carrying value therefore no adjustment has been made.

### 16 Creditors: amounts falling due within one year

	Notes	2018	2017
		£	£
Obligations under finance leases	17	72,899	75,534
Trade creditors		35,870,065	51,035,281
Amounts owed to group undertakings		1,568,411	1,713,890
Corporation tax		965,544	918,135
Other taxation and social security		1,031,073	2,936,147
Other creditors		2,989,887	779,262
Accruals and deferred income		19,749,461	25,644,178
		<u>62,247,340</u>	<u>83,102,427</u>

# MICHAEL J LONSDALE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

### 17 Finance lease obligations

	2018	2017
	£	£
Future minimum lease payments due under finance leases:		
Within one year	72,899	75,534
In two to five years	-	72,899
	<u>72,899</u>	<u>148,433</u>

Finance lease payments represent rentals payable by the company for motor vehicles. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

### 18 Creditors: amounts falling due after more than one year

	2018	2017
	£	£
	Notes	
Obligations under finance leases	17	72,899
	<u>-</u>	<u>72,899</u>

### 19 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets 2018	Assets 2017
	£	£
Balances:		
Decelerated capital allowances	<u>50,000</u>	<u>50,000</u>

There were no deferred tax movements in the year.

The deferred tax asset set out above is expected to reverse within the foreseeable future and relates to decelerated capital allowances that are expected to mature within the same period.

### 20 Retirement benefit schemes

	2018	2017
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>709,949</u>	<u>725,882</u>

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

# MICHAEL J LONSDALE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

### 21 Share capital

	2018 £	2017 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
- 'A' Ordinary shares of £1 each	-	5,500
- 'B' Ordinary shares of £1 each	-	4,000
- 'C' Ordinary shares of £1 each	-	500
10,000 Ordinary shares of £1 each	10,000	-
	<u>10,000</u>	<u>10,000</u>

#### Reconciliation of movements during the year:

	A Number	B Number	C Number	Ordinary Number
At 1 October 2017	5,500	4,000	500	-
Redesignation of shares	(5,500)	(4,000)	(500)	10,000
At 30 September 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>

During the year all shares were reclassified to Ordinary shares, there are no longer A, B or C shares in issue.

### 22 Operating lease commitments

#### Lessee

Operating lease payments represent rentals payable by the company for certain of its properties, office equipment and motor vehicles. Property leases are negotiated for an average term of 20 years and rentals are fixed for an average of 5 years with rent reviews taking place every 5 years. Office equipment and motor vehicle leases are negotiated for an average term of 3 years and rentals are fixed for the term of the lease.

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

	2018 £	2017 £
Within one year	430,873	398,113
Between two and five years	1,418,040	1,437,604
In over five years	156,239	464,343
	<u>2,005,152</u>	<u>2,300,060</u>

# MICHAEL J LONSDALE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

### 23 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2018 £	2017 £
Aggregate compensation	2,107,429	2,035,747

### 24 Controlling party

The ultimate parent company is Michael Lonsdale Ltd (incorporated in Great Britain), for which group accounts, including the company's results, are drawn up and publicly available from Companies House, Crown Way, Cardiff, CF14 3UZ.

The ultimate controlling party is M Hoodless by virtue of his holding in the issued share capital of the ultimate parent undertaking Michael Lonsdale Ltd.

### 25 Directors' transactions

During the year the company undertook work on behalf of several companies owned by one of the directors and his wife. This work totalled £319,069 (2017: £368,737), At the year end £1,087,381 (2017: £768,312) was owed to the company.

During the year the company undertook work on behalf of one of the directors. This work totalled £409,465 (2017: £282,629), At the year end £1,100,846 (2017: £691,381) was owed to the company.

### 26 Cash generated from operations

	2018 £	2017 £
Profit for the year after tax	6,182,402	5,563,833
<b>Adjustments for:</b>		
Taxation charged	1,395,617	1,509,605
Finance costs	8,659	20,120
Investment income	(40,836)	(38,916)
Gain on disposal of tangible fixed assets	-	(66,437)
Depreciation and impairment of tangible fixed assets	44,466	66,415
<b>Movements in working capital:</b>		
Decrease/(increase) in debtors	10,338,820	(4,571,392)
(Decrease)/increase in creditors	(20,899,861)	12,611,203
<b>Cash (absorbed by)/generated from operations</b>	<b>(2,970,733)</b>	<b>15,094,431</b>



## Michael Lonsdale Group

# Modern Slavery and Human Trafficking (MSHT) Policy Statement

This statement sets out the Michael Lonsdale Group (MLG) actions to understand all potential modern slavery risks related to its business and to put in place steps that are aimed at ensuring that there is no slavery or human trafficking in its own business and its supply chains. This statement relates to actions and activities during the financial year March 2019 to 28 February 2020.

As part of the Building and Engineering Services Industry, the organisation recognises that it has a responsibility to take a robust approach to slavery and human trafficking.

The organisation is absolutely committed to preventing modern slavery and human trafficking (MSHT) in its corporate activities, and to ensuring that its supply chains are free from slavery and human trafficking.

### **Organisational structure:**

- Michael Lonsdale Group is a Mechanical and Electrical Contractor working within the Construction and Building Services Sectors supplying full Mechanical, inclusive of Public Health and Electrical Building Services Packages.
- The organisation currently operates two sites within the United Kingdom and has an annual turnover in excess of £200m.
- Staff Profile –

“MLG have no gender bias and employ 167 both full and part time personnel”

### **Supply chains Adherence to our Values:**

- Our Supply Chain is wide ranging and include a range of organisations, eg Pipe installers, Duct-workers, Plumbers, Electricians, Commissioning Engineers, Insulation installers, BMS and many more. We engage with them to provide and assist the Group with labour and materials throughout the full installation and commissioning process. This formulates some 90% of the labour turnover per project.
- We accept that there may be a risk to MSHT as we rely upon the practices of our supply chain to support our Business. However, we have a Zero tolerance to modern slavery and human trafficking and we expect all those in our supply chain and contractors to comply with our values.

Whilst the responsibility for formulating this policy rests with the Board/Directors it should be kept administratively up to date by Arthur C Lander MJL Group HSE Director. The responsibility for enacting this Policy and ensuring compliance rests with the Board/Directors. They and the Senior Management are responsible for ensuring due diligence is carried out in relation to any issues raised around MSHT. It is the responsibility of all employees to understand the principles and apply its concepts in practice.



## **Policies:**

- Michael Lonsdale Group has a number of In-House Policies which describe and lay out the minimum requirements for all our Staff, Supply Chain and any third parties. MLG is committed to conducting its business in accordance with applicable laws and to the highest ethical standards.

## **Relevant Policies:**

The organisation operates the following policies that describe its approach to the identification of modern slavery risks and steps to be taken to prevent slavery and human trafficking in its operations.

**Employee code of conduct:** The organisation's code of conduct makes clear to employees the actions and behaviour expected of them when representing the organisation. The organisation strives to maintain the highest standards of employee conduct and ethical behaviour and also when managing its supply chain.

**Supplier/Procurement code of conduct:** The organisation is committed to ensuring that its suppliers adhere to the highest standards of ethics. Suppliers are required to demonstrate that they provide safe working conditions where necessary, treat workers with dignity and respect, and act ethically and within the law in their use of labour. The organisation will work with suppliers to ensure that they meet the standards of the code and improve their worker's working conditions. However, serious violations of the organisation's supplier code of conduct will lead to the termination of the business relationship. (MJL IMS 017, Q5.2 refers)

**Recruitment/Agency workers policy:** The organisation uses only specified, reputable employment agencies to source labour and always verifies the practices of any new agency it is using before accepting workers from that agency. It is also a condition of working for the MLG that all Sub Contractors and Supply chain Partners that salaries are paid at or above the minimum wage (MJL IMS 017, Q5.2 refers)

## **Corporate Social Responsibility Policy Statement:**

The Michael Lonsdale Group recognises that our business activities have direct and indirect impacts on the communities and environment in which we operate. As a responsible employer we are committed to the principles of fair trade, respect for human rights and environmental protection.

## **Equality and Diversity Policy:**

The organisation is committed to valuing diversity, providing equal opportunity in employment, ensuring that the work environment is free of harassment and ensuring that all employees are treated with dignity and respect. Where any employee or contractor/third party supplier disregard these values, action may include disciplinary action or termination of contract.

## **Whistleblowing Policy:**

The organisation has a whistleblowing policy in place to enable employees to raise any legitimate concerns about specified matters and these might include MSHT matters.

## **Due Diligence:**

The organisation undertakes due diligence when considering taking on new suppliers and regularly reviews its existing suppliers. The organisation's due diligence and reviews include:



- conducting supplier audits or assessments through Michael Lonsdale Group's own staff, which have a greater degree of focus on slavery and human trafficking where general risks are identified;
- taking steps to improve substandard suppliers' practices, including providing advice to suppliers through and requiring them to implement action plans.
- invoking sanctions against suppliers that fail to improve their performance in line with an action plan or seriously violate our supplier code of conduct, including the termination of the business relationship.

### **Performance indicators**

The organisation has reviewed its key performance indicators (KPIs) in light of the introduction of the Modern Slavery Act 2015. As a result, the organisation is:

- Reviewing its existing supply chains on a regular basis. This may be annually, at the contract renewal date and/or at the point of instruction of an installation or commission.
- Ensuring that all personnel engaged by MLG or through recruitment agencies are vetted to ensure they have the right to work in the UK.
- A further indicator will be to ensure that all staff are familiar with the MSHT statement. They will also receive training as required for their role within their probation period or within 6 months of the training programme being implemented.

### **Training:**

For all our staff: To ensure a high level of understanding of the risks of modern slavery and human trafficking in our supply chain and our business.

All Directors have been briefed on the subject and are aware of their responsibilities and need for due diligence of any issue raised.

We will make training available to staff, focusing particularly on those that are dealing with supply chains and commissioning projects and installations.

Using our normal communication channels all staff will be aware of this statement and their responsibilities.

This statement is made pursuant to section 54(1) of the Modern Slavery and Human Trafficking Act 2015 and constitutes our groups slavery and human trafficking statement for the current financial year.

**Director's signature:** 

**Name: G A Herbert**

**Position: Managing Director**

**Date: 21/02/2019**