TClarke

Persons of Significant Control

Persons of Significant Control for TClarke Contracting Ltd is TClarke Plc (Parent Company)

TClarke Plc
45 Moorfields
Moorgate
London
EC2Y 9AE

Company Reg No. 119351

Conditions for being a PSC: 100%

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:	CLIVE CARR
On behalf of:	TCLARKE CONTRACTING LIMITED
Position (Job Title):	DIRECTOR
Date:	15/04/2019
Telephone number:	02079977400

Appendix B – Mandatory Undertaking

Company Name –
TClarke Contracting Ltd

[East Bank, Stratford Waterfront Culture and Education Development – University of the Arts – MEP Works]

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: Clive Carr

Title: Director

Signature: <<insert your signature>>

Name: <<insert full name of signatory>>

Title: <<insert job title of signatory>>

For and on behalf of (Relevant Company)

Signature: <<insert your signature>>

Name: <<insert full name of signatory>>

Title: <<insert job title of signatory>>

For and on behalf of (Relevant Company)

Signature: <<insert your signature>>

Name: <<insert full name of signatory>>

Title: <<insert job title of signatory>>

For and on behalf of (Relevant Company)

TClarke Contracting Limited

Annual Report and Financial Statements

Year Ended

31 December 2017

Company Number 00189434

TClarke Contracting Limited

Company Information

Directors	M Lawrence M Crowder K J Bones K C Mullen A S Griffiths G L Jackson T J Mitchell
Company secretary	D J Lanchester
Registered number	00189434
Registered office	45 Moorfields London United Kingdom EC2Y 9AE
Independent auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

TClarke Contracting Limited

Contents

TClarke Contracting Limited

Strategic Report
For the Year Ended 31 December 2017

Introduction

The directors present their Strategic Report together with the audited financial statements for the year ended 31 December 2017.

Business review

We aim to present a balanced and comprehensive review of the company's performance and development during the year and its position at the year end. Our review is consistent with the size and nature of our business and also covers the principal risks and uncertainties faced by the company.

Development and performance of the business

The company has performed strongly during 2017 following the amalgamation of the Group's operations in London & South East and Central & South West regions at the end of 2016, largely driven by successful delivery of major M&E projects in London. The company has a healthy forward order book and continues to expand its core business while also looking to enhance its capabilities in specialist markets.

During the year, the Group completed a planned Group reorganisation to rationalise its legal structure and improve the future efficiency of its operations.

The first phase, which was completed as at 31st December 2016, comprised the amalgamation of the Group's operations in London & South East and Central & South West regions into a single trading subsidiary, TClarke Contracting Limited ("the company"), with a separate subsidiary, TClarke Services Limited, employing all of the staff in these regions and providing internal support services to support the operations of the company.

The second phase, which comprised the amalgamation of the Group's operations in the North and Scotland into this structure, was completed as follows:

- On 31st December 2017, the businesses and trading assets and liabilities of all of the Group's operations in the North and Scotland regions were transferred to the company at book value, in consideration for £6.0 million 10 Year Variable Rate Loan Notes.
- Property, plant and equipment transferred was subsequently transferred to TClarke Services Limited, also at book value in consideration for £0.3 million 10 Year Variable Rate Loan Notes.
- Also on 31st December 2017, the employment contracts of all the Group's staff in the North and Scotland regions were transferred to TClarke Services Limited.
- All loan notes earn interest at 2.5% above base rate.

Financial key performance indicators

The financial KPIs used to measure the company's progress and performance are turnover, operating profit margin, cash generation and net assets.

Revenue increased by £211,137,498 to £251,011,368 (2016: £39,873,870), an increase of 529.5% and the company made an operating profit of £5,710,869 (2016: £1,226,560), representing an operating profit margin of 2.3% (2016: 3.1%). Net assets increased by £4,793,989 to £8,102,864 (2016: £3,308,875). The company's cash increased by £6,711,067 to £7,277,726 (2016: £566,659).

Employees

Diversity and equality

The Group maintains an equality and diversity policy, selecting and promoting employees based on their aptitudes and abilities. TClarke is committed to providing equal opportunities to all current and future employees and values the differences that a diverse workforce can contribute to the organisation.

When recruiting, TClarke gives full and fair consideration to suitable applicants, having regard to individuals' aptitudes and abilities, and takes responsibility for its obligations towards employment of disabled people. The company is committed to ensuring that any individual who becomes disabled during the course of their employment remains in their own role, where possible, or is employed in another suitable position. Training, career development and promotion of disabled employees should, as far as possible, be identical to that of other employees.

The company is committed to ensuring that everyone is treated equally regardless of disability or any other condition which cannot be shown to be relevant to performance.

Investing in our workforce

Our people are our biggest asset, and we recognise the need to attract and retain excellent staff which give TClarke the great reputation we are renowned for. Creating shareholder value is ultimately dependent on the skill, dedication, reliability and motivation of our workforce, and we prioritise investment in our employees as a key success factor.

Since the launch of the TClarke Training Academy and Career Pathway in January 2017, we have successfully rolled out our plan of monthly training modules to our new trainees and experienced staff to ensure all staff are trained in TClarke's procedures and kept up to date with new systems and technologies.

We have carried out appraisals with all staff members, including our site supervision, which has been invaluable to allow us to understand our staff's training needs and helping them meet their career aspirations. We have paired junior team members with senior mentors to assist them in their journey within TClarke. This ensures that TClarke's values and aspirations are understood throughout the business.

We ensure employees are kept informed and take appropriate steps to ensure that we communicate with our employees in an effective manner to notify everyone regarding matters that are of concern to them and factors that affect the performance of the company. During 2017, the company launched a new regular newsletter for employees, 'Pipes & Wires', to keep everyone up to date with what is happening across the Group. When the company needs to make decisions which affect our people's interests, we consult with employees, or their representatives, and value their opinions when making decisions which affect their interests.

We are proud to have introduced Mental Health First Aid training sessions to enable staff to become qualified Mental Health First Aiders. This is a big step forward within the industry and proves how serious TClarke is about managing every aspect of our employees' health and wellbeing.

TClarke is committed to compliance with the Modern Slavery Act 2015. A statement which sets out our actions to comply with the requirements of the Act appears on the Group's website: www.tclarke.co.uk.

Principal risks and uncertainties

The principal risks and uncertainties faced by the business and the controls and mitigating factors in place are as follows:

Market conditions

The construction sector has faced extremely challenging conditions over a number of years, with low levels of confidence throughout the UK economy impacting demand for new build and maintenance services. The company mitigates this risk by ensuring it offers its services over a broad range of sectors and seeking to build lasting relationships with key contractors and end user clients based on our reputation for delivery and the financial strength of the company and the TClarke Group.

Contractual and operational risk

Failure to deliver projects to time, quality or budget, and contractual disputes that can arise over the scope and valuation of contracts, may make the ultimate outcome of contracts uncertain. The company continually assesses and manages contractual and operational risks, including health and safety risks, throughout the bidding stage to the final commissioning of an installation and handover to the client, using its experienced teams of estimators, engineers, supervisors and surveyors. Our business information systems monitor profit and cash flow throughout the life of a contract and regular review meetings are held to monitor progress and identify and address operational and financial issues as they arise.

Financial risk management

The company has exposure to the following risks from its use of financial instruments: cost inflation, credit and counterparty liquidity, cash flow and interest.

Set out below is further information about the company's exposure to financial risk and the company's objectives, policies and procedures for measuring and managing financial risk. The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework.

Cost inflation

Commodity prices of copper and steel form major component parts within our industry. In addition, UK prices of materials that we could procure could be adversely affected by any weakness in sterling. The majority of projects that we secure do not allow for the recovery of any increase in labour and material costs. The company has in place formal supplier framework agreements to manage and, where possible, mitigate this risk, with prices locked in through procurement at the beginning of a contract wherever possible.

Credit and counterparty risk

The company's main financial assets are contract and other trade receivables, and cash and bank balances. These assets represent the company's main exposure to credit risk, which is a risk that a counterparty will fail to discharge its obligations, resulting in financial loss to the company. The company may also be exposed to financial risk through the failure of a subcontractor or supplier. The financial strength of counterparties is considered prior to signing contracts, and is reviewed as contracts progress where there are indications that a counterparty may be experiencing financial difficulty. Procedures include the use of credit agencies to check the creditworthiness of existing and new clients and the use of approved suppliers lists and framework agreements with key suppliers.

Liquidity risk

The company manages liquidity risk by maintaining adequate cash reserves and banking facilities, monitoring cash flows and by matching maturity profiles of financial assets and liabilities within the bounds of its contractual obligations. The company is party to a group banking arrangement which is managed by its parent company, TClarke Plc.

Cash flow interest rate risk

The company is exposed to changes in interest rates on its bank borrowings and deposits. The company's financial instruments comprise cash and cash equivalents, bank deposits, overdraft facilities, contract and other trade receivables and payables, and other similar balances arising directly from operations. Surplus cash is placed on deposit through the parent company, TClarke Plc, at fixed or floating rates, taking into account future cash requirements based on short and medium term cash projections. The company does not trade in speculative financial instruments.

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

TJ Mitchell
....

T J Mitchell
Director

Date: 21 September 2018

Directors' Report
For the Year Ended 31 December 2017

The directors present their report together with the audited financial statements for the year ended 31 December 2017.

Results and dividends

The Statement of Comprehensive Income is set out on page 11 and shows the profit for the year.

The company did not pay any dividends during the year (2016: £Nil). The directors do not recommend the payment of a final dividend (2016: £Nil).

Future developments

An indication of the likely future developments in the business of the company is given in the Strategic Report on pages 1 to 4.

Directors

The directors of the company who were in office during the year and up to the date of signing of the financial statements were:

M Lawrence
M Crowder (appointed 3 January 2017)
K J Bones (appointed 7 June 2017)
K C Mullen (appointed 7 June 2017)
A S Griffiths (appointed 7 June 2017)
G L Jackson (appointed 7 June 2017)
M R Walton (resigned 2 February 2018)
T J Mitchell (appointed 5 February 2018)

Directors' indemnities

The company maintains directors' and officers' liability insurance cover for its directors and officers as permitted under the company's articles and the Companies Act. Such insurance policies were renewed during the year and remain in force. The company also indemnifies the directors under an indemnity deed with each director which contains provisions that are permitted by the director liability provisions of the Companies Act and the company's articles. An indemnity deed is usually entered into by a director at the time of their appointment to the board. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act) were in force during the year and remain in force at the date of approval of the financial statements for the benefit of the directors (and any officer) of the company or any associated company.

Financial risk management

The company's financial risk management policies are included in the Strategic Report.

Research and development

The company undertakes research and development activity in creating innovative design and construction solutions integral to the delivery of its projects. The direct expenditure incurred is not separately identifiable as the investment is usually contained within the relevant project.

Going concern

The company meets its day to day working capital requirements through a mixture of cash at bank and loan finance.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate without the need for further facilities for a period of at least 12 months from the date on which the financial statements for the year ended 31 December 2017 were approved.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for a period of at least 12 months from the date on which the financial statements for the year ended 31 December 2017 were approved. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Employees

Details of employees have been disclosed in the Strategic Report.

Post Statement of Financial Position events

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

Disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

T J Mitchell
....

T J Mitchell
Director

Date: 21 September 2018

TClarke Contracting Limited

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

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.

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

T J Mitchell

....

T J Mitchell
Director

Date: 21 September 2018

Independent Auditors' Report to the Members of TClarke Contracting Limited

Report on the audit of the financial statements

Opinion

In our opinion, TClarke Contracting Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- *have been prepared in accordance with the requirements of the Companies Act 2006.*

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2017; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the statement of Directors' Responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Responsibilities for the financial statements and the audit (continued)

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Matthew Mullins

Matthew Mullins (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date: 25 September 2019

TClarke Contracting Limited

Statement of Comprehensive Income
For the Year Ended 31 December 2017

	Note	2017 £	2016 £
Revenue	4	**251,011,368**	39,873,870
Cost of sales		**(224,575,595)**	(36,405,855)
Gross profit		**26,435,773**	3,468,015
Administrative expenses		**(20,726,084)**	(2,243,733)
Other operating income	5	**1,180**	2,278
Operating profit	6	**5,710,869**	1,226,560
Finance income	9	**243,626**	22,232
Finance expense	10	**(17,896)**	(1,032)
Profit before tax		**5,936,599**	1,247,760
Tax on profit	11	**(1,142,610)**	(243,265)
Profit and total comprehensive income		**4,793,989**	1,004,495

All amounts relate to continuing operations.

The notes on pages 15 to 33 form part of these financial statements.

TClarke Contracting Limited
Registered number: 00189434

Statement of Financial Position
As at 31 December 2017

	Note	2017 £	2016 £
Assets			
Non-current assets			
Deferred taxation	19	**19,716**	18,584
Trade and other receivables	14	**13,228,183**	14,111,632
		13,247,899	14,130,216
Current assets			
Inventories	12	**500,465**	250,254
Amounts due from customers under construction contracts	13	**25,720,428**	27,186,752
Trade and other receivables	14	**61,491,644**	33,755,813
Cash and cash equivalents		**7,277,726**	566,659
		94,990,263	61,759,478
Total assets		**108,238,162**	75,889,694
Liabilities			
Current liabilities			
Trade and other payables: Amounts falling due within one year	15	**84,671,243**	58,901,027
Corporation tax payable		**1,028,612**	247,683
Amounts due to customers under construction contracts	13	**5,677,038**	680,159
Obligation under finance leases	17	**-**	44,749
		91,376,893	59,873,618
Non-current liabilities			
Trade and other payables: Amounts falling due after more than one year	16	**8,758,405**	12,693,614
Obligation under finance leases	17	**-**	13,587
		8,758,405	12,707,201
Total liabilities		**100,135,298**	72,580,819
Net assets		**8,102,864**	3,308,875

Statement of Financial Position (continued)
As at 31 December 2017

	Note	2017 £	2016 £
Equity			
Share capital	20	**500,000**	500,000
Retained earnings		**7,602,864**	2,808,875
Total equity		**8,102,864**	3,308,875

The financial statements on pages on 11 to 33 were approved and authorised for issue by the board and were signed on its behalf by:

T J Mitchell
....
T J Mitchell
Director

Date: 21 September 2018

TClarke Contracting Limited

Statement of Changes in Equity
For the Year Ended 31 December 2017

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 January 2017	500,000	2,808,875	3,308,875
Comprehensive income for the year			
Profit for the year	-	4,793,989	4,793,989
Total comprehensive income for the year	-	4,793,989	4,793,989
At 31 December 2017	500,000	7,602,864	8,102,864

Statement of Changes in Equity
For the Year Ended 31 December 2016

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 January 2016	5,000	2,299,380	2,304,380
Comprehensive income for the year			
Profit for the year	-	1,004,495	1,004,495
Total comprehensive income for the year	-	1,004,495	1,004,495
Shares issued during the year	495,000	-	495,000
Capital reduction / Capitalisation of reserves	-	(495,000)	(495,000)
Total transactions with owners	495,000	(495,000)	-
At 31 December 2016	500,000	2,808,875	3,308,875

The notes on pages 15 to 33 form part of these financial statements.

1. General information

TClarke Contracting Limited ('the company') is a private limited company, limited by shares, registered in England and Wales under the Companies Act 2006 and is incorporated and domiciled in the United Kingdom. Its registered office is disclosed on Company Information page. The nature of the company's operations and its principal activities are set out in the business review on page 1.

2. Accounting policies

2.1 Basis of preparation of financial statements

The company meets the definition of a qualifying entity under Financial Reporting Standard 100 ('FRS 100') issued by the Financial Reporting Council ('FRC').

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101') and the Companies Act 2006, and are presented in £.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in relation to certain assets, presentation of a cash flow statement, related party transactions standards not yet effective and share-based payment expenses. Where required, equivalent disclosures are available in the consolidated financial statements of TClarke Plc, which are available to the public at www.tclarke.co.uk and from Companies House.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

Going concern

The company meets its day to day working capital requirements through a mixture of cash at bank and borrowings. The company participates in and has access to a £5m group overdraft facility, and provides cross guarantees along with all other trading entities in the TClarke Group.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate without the need for further facilities for a period of at least 12 months from the date of approval of these financial statements.

After making appropriate enquiries the directors are satisfied that the company has adequate resources to continue its operations for a period of at least 12 months from the date of approval of these financial statements. Accordingly the directors continue to adopt the going concern basis in preparing the financial statements. Further information on the group overdraft facility is given in note 23.

2. Accounting policies (continued)

2.2 Adoption of new and revised standards

New standards, interpretations and amended standards adopted by the company

No new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1st January 2017, have had a material impact on the financial statements.

New standards, interpretations and amended standards in issue but not yet adopted by the company

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2018, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the company, except the following, set out below:

IFRS 9 Financial instruments

IFRS 9 introduced new requirements for the classification and measurement of financial instruments, including impairment requirements for financial assets. The key requirements of IFRS 9 are:

- All financial assets are required to be classified and measured, on initial recognition and subsequently, at either fair value or amortised cost. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses at each reporting date to reflect changes in credit risk since initial recognition.
- For financial liabilities, IFRS 9 retains most of IAS 39's requirements. The main change is that where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The company is working towards the implementation of IFRS 9 with effect from 1st January 2018. It anticipates that the classification and measurement basis for its financial assets and liabilities will be unchanged by adoption of IFRS 9. The main impact of adopting IFRS 9 is likely to rise from the implementation of the expected credit loss model. No material impact on retained earnings at 31st December 2017 or on profit for future periods is expected.

IFRS 15 Revenue from contracts with customers

IFRS 15, 'Revenue from contracts with customers', deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under IFRS 15 an entity recognises revenue when, or as, a performance obligation is satisfied, that is when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer so that the customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. Variable consideration is included in the transaction price if it is highly probable that there will be no significant reversal of the cumulative revenue recognised when the uncertainty is resolved. The standard replaces IAS 18, 'Revenue', and IAS 11, 'Construction contracts', and related interpretations. The standard is effective for annual periods beginning on or after 1st January 2018.

2. Accounting policies (continued)

Adoption of new and revised standards (continued)

IFRS 15 Revenue from contracts with customers (continued)

The company is working towards the implementation of IFRS 15 and has carried out a comprehensive review of existing contractual arrangements as part of this process. This review has included a detailed consideration of individual contracts covering approximately 50% of group revenue. As a result of this review the directors are of the opinion that there is not likely to be a material impact on revenue, costs and associated balances as at and during the year ended 31st December 2017, and therefore they do not believe that a prior year adjustment will be necessary in respect of the financial statements for the year ending 31st December 2018.

IFRS 16 Leases

IFRS 16 was issued on 13th January 2016 and will become mandatory for accounting periods beginning on or after 1st January 2019, with early adoption permitted. IFRS 16 will replace the current guidance under IAS 17 and related interpretations. The main feature of IFRS 16 is that lessees will have to recognise a lease liability reflecting future lease payments and a 'right of use asset' for almost all lease contracts, whereas at present a distinction is drawn between finance leases and operating leases depending on whether substantially all the risk and reward of ownership have been transferred to the lessee. In future periods, the operating lease charge would be replaced by a depreciation charge.

The company is yet to assess the full impact of IFRS 16, and intends to adopt the new standard no later than the accounting period beginning 1st January 2019. The company intends to apply the transitional arrangements permitted by IFRS 16 and will not seek to apply the standard to contracts that were not previously recognised as leases prior to the adoption of IFRS 16. The directors will complete their assessment of the impact of IFRS 16, including the various options and transitional arrangements available, during the year ended 31st December 2018.

2.3 Revenue recognition

Sales revenue is measured at the fair value of work performed and goods and services provided in the normal course of business, net of discounts and VAT. Revenue from construction contracts is recognised in accordance with the company's policy on construction contracts (see policy note 2.4). Revenue from the rendering of services that do not fall to be accounted for as construction contracts is accounted for by reference to the stage of completion of the relevant contract, determined by reference to the proportion of costs incurred. Revenue from the sale of materials and finished goods is recognised when the group has transferred the significant risks and rewards of ownership to the buyer and it is probable that the company will receive payment. These criteria are considered to be met when the materials or goods have been delivered to and accepted by the buyer.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

2. Accounting policies (continued)

2.4 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 date, measured based on the proportion of contract costs (prime costs and overheads) incurred for the work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion (instances of which are rare).

The earliest point at which profit is taken is that at which the outcome of the contract, based on an assessment by officials of the company, can be reliably foreseen, taking into account the circumstances of each contract. Variations are included to the extent that the amount can be measured reliably and receipt is considered probable, but no account is taken of claims receivable until agreed. Full provision is made for any foreseeable losses to completion. Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable.

2.5 Impairment of non-financial assets

Non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Impairment charges are included in non-recurring costs in the Statement of Comprehensive Income, except to the extent they reverse gains previously recognised in the Statement of Comprehensive Income.

2.6 Leasing and hire purchase commitments

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term.

2.7 Inventories

Inventories of raw materials and consumables are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the asset to its present location and condition.

2.8 Financial instruments

The company's financial instruments comprise trade and other receivables (excluding prepayments), trade and other payables (excluding deferred income and taxation), finance leases and similar hire purchase contracts, and cash and cash equivalents net of overdrafts. The company classifies its financial assets as loans and receivables and its financial liabilities as liabilities at amortised cost. The company does not trade in any financial derivatives. Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2. Accounting policies (continued)

Financial instruments (continued)

Trade and other receivables

Trade and other receivables, which include construction contract balances receivable and are non-interest bearing, are measured on initial recognition at fair value and subsequently at amortised cost. Appropriate allowances for estimated irrecoverable amounts are recognised in the Statement of Comprehensive Income when there is objective evidence that the asset is impaired, measured as the difference between the asset's carrying value and the fair value of the estimated recoverable amount, if any. Insolvency or significant financial difficulties of the debtor, late payments and disputes are considered indicators that a receivable may be impaired. The carrying amount of a trade receivable is reduced to its estimated recoverable amount through the use of an allowance account and the expense recognised in the Statement of Comprehensive Income in administrative expenses. When a trade receivable is uncollectible it is written off against the allowance account for trade receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, bank overdrafts, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts are included within current liabilities in the Statement of Financial Position. Finance income and expense are recognised using the effective interest method and are added to the carrying value of the asset or liability as they arise.

Trade and other payables

Trade and other payables, which include construction contract balances payable, are initially measured at fair value and subsequently at amortised cost. Trade and other payables are non-interest bearing.

2.9 Taxation

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

Tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income. The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income 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.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The amount of any deferred tax asset or liability recognised is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax assets and liabilities are offset as the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied on the same company.

2. Accounting policies (continued)

2.10 Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when they are paid. In the case of final dividends, this is when approved by the board.

2.11 Retirement benefit costs

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

TClarke Services Limited, a related group company, operates a pension scheme providing defined benefits on career average salaries for a number of employees. The company is liable for normal contributions only and the liability to pay final pensions and any shortfall in the scheme lies with TClarke Services Limited. The company's contributions are accounted for in the calculation of operating profit in the year in which they are made.

2.12 Non-recurring items

Non-recurring items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the company. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

2.13 Borrowing costs

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

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

In the application of the company's accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities at the reporting date and the amounts of revenue and expenses incurred during the period that may not be 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. Judgments in applying accounting policies (continued)

The estimates and assumptions that have the most significant impact are set out below:

Revenue and margin

The recognition of revenue and profit on construction contracts is a key source of estimation uncertainty due to the difficulty of forecasting the final costs to be incurred on a contract in progress and the process whereby applications are made during the course of the contract with variations, which can be significant, often being agreed as part of the final account negotiation. The company's policy for the recognition of revenue and profit on construction contracts is set out on pages 18 and 19. Commercial reviews of all live contracts are undertaken on a regular basis, with all significant contracts being reviewed on a monthly basis. The directors also take into account the recoverability of contract balances and trade receivables, and allowances are made for those balances which are considered to be impaired.

Trade receivables credit provisions

The company makes an estimate of the recoverable value of trade and other receivables. When assessing impairment of trade and other receivables, the company considers factors including the credit rating of the receivable, the ageing profile of receivables and historic experience. The net carrying value of receivables and associated impairment provisions are disclosed in note 14.

4. Revenue

An analysis of revenue by class of business is as follows:

	2017 £	2016 £
Construction contracts	**239,234,553**	35,497,281
Other services	**11,776,815**	4,376,589
	251,011,368	39,873,870

Revenue is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

5. Other operating income

	2017 £	2016 £
Other operating income	**1,180**	2,278

6. Operating profit

The operating profit is stated after charging/(crediting):

	2017 £	2016 £
Depreciation of property, plant and equipment	-	24,009
Profit on disposal of property, plant and equipment	-	(11,040)
Operating lease charges		
- land and buildings	-	88,000
- plant, machinery and vehicles	**37,814**	203,540
Raw materials and consumables expensed in year	**64,438,776**	10,811,863
Bad debt expense/(credit)	**204,825**	(246)

Audit fees of £25,000 (2016: £25,000) have been borne by another company within the TClarke Plc group of companies.

7. Employees

Staff costs (including directors) consist of:

	2017 £	2016 £
Wages and salaries	**23,647,675**	7,299,368
Social security costs	**2,462,570**	774,671
Other pension costs	**701,826**	201,946
	26,812,071	8,275,985

Directors' remuneration is disclosed in note 8. The key management of the company are deemed to be the same as the directors of the company, therefore no additional disclosure of the key management compensation has been provided.

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

	2017 £	2016 £
Staff	**712**	45
Operatives	**219**	115
	931	160

Following a group reorganisation, started in 2016 with phase one and completed in 2017 with phase two (see note 22), all of the TClarke Group's staff, including directors, transferred their contracts of employment according to their role to the company (weekly salaried staff) and to TClarke Services Limited (monthly salaried staff). In 2017, the Northern and Scotland divisions transferred their contracts on 31 December 2017 and in 2016 the London and South East and Central and South West divisions transferred their contracts on 23 December 2016.

7. Employees (continued)

Defined Contribution Pension Schemes

The company contributes to defined contribution pension schemes on behalf of all qualifying employees. The assets of those schemes are held separately from those of the group in funds under the control of the trustees. Contributions payable during the year amounted to £701,826 (2016: £69,352). The amount of pension contributions outstanding at the end of the year was £153,769 (2016: £56,211), included in other creditors.

TClarke Group Retirement and Death Benefits Scheme

The company also participated in the defined benefit pension scheme operated by TClarke Services Limited, the TClarke Retirement and Death Benefits Scheme ('the Scheme'). This scheme is closed to new members. Contributions during the year were £Nil (2016: £132,593). The amount of pension contributions outstanding at the end of the year was £Nil (2016: £Nil).

TClarke Plc and TClarke Contracting Limited have each provided a guarantee to the Trustees of the Scheme in relation to TClarke Services Limited's obligdations to the Scheme.

TClarke Plc Savings Related Share Option Scheme

The group operates a TClarke Plc Savings Related Share Option Scheme ('the 2011 SAYE scheme'), an approved save as you earn share option scheme. All eligible employees in the scheme have moved the contracts of employment to TClarke Services Limited. Any costs incurred during the year are immaterial and have been borne by TClarke Services Limited.

8. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	-	399,000
Company contributions to defined contribution pension schemes	-	35,152
	-	434,152

Following the Group reorganisation in the year, remuneration of directors who are also directors of TClarke Plc is borne by TClarke Plc and is disclosed in the consolidated financial statements of TClarke Plc. The remaining directors were remunerated by TClarke Services Limited and their remuneration is disclosed in the financial statements of TClarke Services Limited.

In the prior year, there were two directors in the company's defined benefit pension scheme during the year.

In the prior year, the total amount payable to the highest paid director in respect of emoluments was £156,000. Company pension contributions of £Nil were made to a defined benefit scheme on their behalf. Directors emoluments were borne by another company within the TClarke Group.

The company's directors are considered to be its key management personnel.

9. Finance income

	2017 £	2016 £
Interest receivable from group companies	**243,626**	9,000
Other interest receivable	**-**	13,232
	243,626	22,232

10. Finance expense

	2017 £	2016 £
Discount amortisation charge	**17,896**	-
Other interest payable	**-**	1,032
	17,896	1,032

11. Tax on profit

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	**1,142,752**	247,683
Adjustments in respect of previous periods	**-**	241
Total current tax	**1,142,752**	247,924
Deferred tax		
Origination and reversal of timing differences	**(142)**	(7,205)
Changes to tax rates	**-**	2,546
Total deferred tax	**(142)**	(4,659)
Taxation on profit	**1,142,610**	243,265

11. Tax on profit (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016: lower than) the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained below:

	2017 £	2016 £
Profit before tax	**5,936,599**	1,247,760
Profit before tax multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20%)	**1,142,592**	249,552
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**18**	1,056
Adjustments to tax charge in respect of previous periods	**-**	241
Changes to tax rates	**-**	2,546
Tax relief on share based payments	**-**	(10,130)
Total tax charge for the year	**1,142,610**	243,265

Factors that may affect future tax charges

The main rate of UK corporation tax will be reduced to 17% on 1 April 2020.

12. Inventories

	2017 £	2016 £
Raw materials and consumables	**500,465**	250,254
	500,465	250,254

There is no material difference between the replacement cost of inventories and the amounts stated above.

13. Construction contracts

	2017 £	2016 £
Contract work in progress comprises:		
Contract costs incurred plus recognised profits less recognised losses to date	**242,552,694**	212,134,157
Less: progress payments	**(222,509,304)**	(185,627,564)
Contracts in progress at the reporting date	**20,043,390**	26,506,593

	2017 £	2016 £
Gross amount due from customers	**25,720,428**	27,186,752
Gross amount due to customers	**(5,677,038)**	(680,159)
	20,043,390	26,506,593

During the year, management reassessed the presentational treatment of certain items in the Statement of Financial Position in respect of the company's construction contract portfolio in order to provide additional clarity on the respective balances and more appropriate disclosure. This has resulted in certain presentational changes in 2016 as follows: amounts due from customers under construction contracts (increase of £7,147,638), trade and other receivables (increase of £726,182), amounts due to customers under construction contracts (decrease of £1,789,960), and trade and other payables (increase of £9,633,780). There was no effect on net assets.

14. Trade and other receivables

	2017 £	2016 £
Amounts falling due after more than one year		
Trade receivables	**4,369,064**	-
Amounts owed by group undertakings (see note 22)	**8,859,119**	14,111,632
	13,228,183	14,111,632

	2017 £	2016 £
Amounts falling due within one year		
Trade receivables	**46,502,206**	22,507,767
Amounts owed by group undertakings	**3,156,573**	21,282
Other receivables	**37,415**	59,659
Prepayments	**1,513,664**	1,394,745
Accrued income	**10,281,786**	9,772,360
	61,491,644	33,755,813

Trade receivables are included net of a provision of £483,620 (2016: £457,964) for impairment of trade receivables.

Amounts owed by group undertakings due within one year are unsecured, interest free and are repayable on demand.

The ageing analysis of the trade receivables is as follows:

	2017 £	2016 £
Trade receivables (including retentions) are due as follows:		
Due within 3 months	**33,676,798**	10,198,927
Due in 3 to 6 months	**1,820,470**	1,918,298
Due in 6 to 12 months	**3,766,317**	2,330,287
Due after more than one year	**4,369,064**	6,057,590
Overdue	**7,722,242**	2,002,665
	51,354,891	22,507,767

14. Trade and other receivables (continued)

	2017 £	2016 £
The ageing of overdue receivables is as follows:		
Less than 30 days	**3,410,725**	1,279,909
31 - 60 days	**1,278,561**	567,546
61 - 120 days	**976,633**	155,210
Greater than 120 days	**2,056,323**	-
	7,722,242	2,002,665

15. Trade and other payables: Amounts falling due within one year

	2017 £	2016 £
Trade payables	**47,145,553**	32,516,220
Amounts owed to group undertakings	**4,920,743**	575,043
Taxation and social security	**5,131,305**	1,176,949
Other payables	**204,231**	372,313
Accruals	**26,819,412**	23,083,139
Deferred income	**449,999**	1,177,363
	84,671,243	58,901,027

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand.

16. Trade and other payables: Amounts falling due after more than one year

	2017 £	2016 £
Trade payables	**2,795,636**	2,311,870
Amounts owed to group undertakings (see note 22)	**5,962,769**	10,381,744
	8,758,405	12,693,614

	2017 £	2016 £
Trade payables (including retentions) are due as follows:		
Due in 30 days or less	**18,958,653**	-
Due in 31 - 60 days	**18,842,838**	-
Due in more than 60 days	**12,139,698**	34,828,090
	49,941,189	34,828,090

17. Obligations under finance lease and hire purchase contracts

The maturity of balances payable on obligations under finance lease and hire purchase contracts are as follows:

	2017 £	2016 £
Within one year	-	44,749
In the second to fifth years	-	13,587
	-	58,336

18. Financial instruments

	2017 £	2016 £
Financial assets		
Cash and cash equivalents	**7,277,726**	566,659
Trade and other receivables (excluding prepayments and taxation)	**73,206,163**	46,472,700
Amounts due from customers under construction contracts	**25,720,428**	27,186,752
	106,204,317	74,226,111
Financial liabilities		
Trade and other payables excluding deferred income and taxation	**(87,848,344)**	(69,240,329)
Amounts due to customers under construction contracts	**(5,677,038)**	(680,159)
Obligations under finance leases	**-**	(58,336)
	(93,525,382)	(69,978,824)

Financial assets measured at amortised cost comprise trade and other receivables (excluding prepayments and taxation), construction contract balances receivable and cash and cash equivalents.

Financial liabilities measured at amortised cost comprise trade and other payables (excluding deferred income and taxation) and construction contract balances payable.

19. Deferred taxation

The analysis of deferred income tax assets and liabilities, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	2017 £	2016 £
Deferred tax liabilities	-	-
Deferred tax assets	**19,716**	18,584
	19,716	18,584

	Retirement benefit obligations £	Accelerated capital allowances £	Total £
Asset at 1 January 2016	3,264	10,661	13,925
(Charged)/credited to profit or loss	9,267	(4,608)	4,659
Asset at 31 December 2016	12,531	6,053	18,584
Transferred intra group	990	-	990
Credited/(charged) to income statement	1,231	(1,089)	142
Asset at 31 December 2017	14,752	4,964	19,716

20. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
500,000 ordinary shares of £1 each	**500,000**	500,000

21. Reserves

The company has the following reserves:

Retained earnings

Retained earnings represent cumulative profits and losses net of dividends paid and other adjustments.

22. Group reorganisation

During the year, the TClarke Group completed a planned group reorganisation to rationalise its legal structure and improve the future efficiency of its operations.

The first phase, which was completed as at 31st December 2016, comprised the amalgamation of the group's operations in London & South East and Central & South West regions into a single trading subsidiary, TClarke Contracting Limited ('the company'), with a separate subsidiary, TClarke Services Limited, employing all of the staff in these regions and providing internal support services to support the operations of the company.

The second phase, which comprised the amalgamation of the group's operations in the North and Scotland into this structure, was completed as follows:

- On 31st December 2017, the businesses and trading assets and liabilities of all of the group's operations in the North and Scotland regions were transferred to TClarke Contracting Limited at book value, in consideration for £5,962,769 10 Year Variable Rate Loan Notes.
- Property, plant and equipment transferred was subsequently transferred to TClarke Services Limited, also at book value in consideration for £256,657 10 Year Variable Rate Loan Notes.
- Also on 31st December 2017, the employment contracts of all the group's staff in the North and Scotland regions were transferred to TClarke Services Limited.
- All loan notes earn interest at 2.5% above base rate.

23. Contingent liabilities

The company is a joint guarantor of banking facilities granted to its parent undertaking and certain fellow subsidiaries. There were no amounts outstanding at 31 December 2017 (2016: £Nil). The company has contingent liabilities in respect of guarantees given for commitments in the normal course of trade.

The company, together with the parent company TClarke Plc, has guaranteed the obligations of TClarke Services Limited to the TClarke Group Retirement and Death Benefits Scheme ("the Scheme"). Further details concerning the Scheme can be found in note 7 and in the financial statements of TClarke Services Limited and TClarke Plc.

24. Commitments under operating leases

At 31 December 2017 the company's future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2017 £	2016 £
Not later than 1 year	-	214,812
Later than 1 year and not later than 5 years	-	179,446
	-	394,258

25. Immediate and ultimate parent company and parent undertaking of larger group

The immediate and ultimate parent and controlling entity undertaking is TClarke Plc, a company registered in England and Wales.

The largest and smallest group in which the financial statements of the company are consolidated is that headed by TClarke Plc, incorporated in England and Wales. The consolidated financial statements of this company are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ. No other group financial statements include the results of the company.

26. Related party transactions

The company is a wholly owned subsidiary of TClarke Plc and has taken advantage of the exemption conferred by FRS 101 section 8(k) not to disclose transactions with TClarke Plc or other wholly owned subsidiaries within the group.

There have been no transactions with other related parties.

TClarke Contracting Limited

Annual Report and Financial Statements

Year Ended

31 December 2018

Company Number 00189434

TClarke Contracting Limited

Company information

Directors	M Lawrence M Crowder K J Bones K C Mullen A S Griffiths G L Jackson T J Mitchell G A Julyan
Company secretary	D J Lanchester
Registered number	00189434
Registered office	45 Moorfields London EC2Y 9AE
Independent auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

TClarke Contracting Limited

Contents

Strategic Report
For the Year Ended 31 December 2018

Introduction

The directors present their Strategic Report together with the audited financial statements for the year ended 31 December 2018.

Business review

We aim to present a balanced and comprehensive review of the company's performance and development during the year and its position at the year end. Our review is consistent with the size and nature of our business and also covers the principal risks and uncertainties faced by the company.

Development and performance of the business

The company has performed strongly during 2018 following the amalgamation of the Group's operations into TClarke Contracting Limited.

The company has a healthy forward order book and continues to expand its core business while also looking to enhance its capabilities in specialist markets.

During the year, the integration of Eton Associates Limited ("Eton") into the TClarke group was completed. TClarke plc acquired 100% of the shares of Eton on 4th August 2017 and had retained the business as separate operating entity until 1st of May 2018, when the following actions took place:

- The businesses and trading assets and liabilities of Eton were transferred to TClarke Contracting Limited at book value, in consideration for 10 Year Variable Rate Loan Notes.
- Plant, property, equipment and lease liabilities were transferred to TClarke Services Limited at book value, in consideration for 10 Year Variable Rate Loan Notes.
- The employment contracts of all staff employed by Eton were transferred to TClarke Services Limited.

Financial key performance indicators

The financial KPIs used to measure the company's progress and performance are turnover, operating profit margin, cash generation and net assets.

Revenue increased by £71,906,938 to £322,918,306 (2017: £251,011,368), an increase of 28.6% and the company made an operating profit of £8,686,757 (2017: £5,710,869), representing an operating profit margin of 2.7% (2017: 2.3%). Net assets increased by £7,170,277 to £15,273,141 (2017: £8,102,864). The company's cash increased by £1,124,764 to £8,402,490 (2017: £7,277,726).

Employees

Investing in our workforce

Our people are our biggest asset, and we recognise the need to attract and retain excellent staff which give TClarke the great reputation we are renowned for. Creating shareholder value is ultimately dependent on the skill, dedication, reliability and motivation of our workforce, and we prioritise investment in our employees as a key success factor.

Since the launch of the TClarke Training Academy and Career Pathway in January 2017, we have successfully rolled out our plan of monthly training modules to our new trainees and experienced staff to ensure all staff are trained in TClarke's procedures and kept up to date with new systems and technologies.

TClarke's highly sought after Apprenticeship Scheme is one of the best regarded in the construction and engineering industries. The success of our Apprenticeship Scheme is not only down to the quality of our intake, but also to our mentors. Each apprentice is allocated a mentor who provides advice and support. Our mentors have passed through their own apprenticeship, have considerable site experience and great knowledge of the industry and their profession, which they pass on to each new apprentice.

TClarke also has in place a five-year leadership programme, which is designed to develop the future leaders of our business and to bring the group together at all levels. We are lucky to have some of the highest quality and most motivated young engineers anywhere in the country and we want to make sure that, wherever they are in the business from Aberdeen to St Austell, they have the best opportunities. The group meets regularly throughout the year for a two-day programme of training and site visits.

We ensure employees are kept informed and take appropriate steps to ensure that we communicate with our employees in an effective manner to notify everyone regarding matters that are of concern to them and factors that affect the performance of the Company. The Company has a regular newsletter for employees, 'Pipes & Wires', to keep everyone up to date with what is happening across the Group. When the Company needs to make decisions which affect our people's interests, we consult with employees, or their representatives, and value their opinions when making decisions which affect their interests.

Diversity and equality

TClarke is committed to creating a diverse and inclusive place to work where our people can be themselves and be at their best. The Group maintains an equality and diversity policy, selecting and promoting employees based on their aptitudes and abilities. However, there is a long-standing lack of women in the construction industry. For those women who are employed in the industry they are usually in non-delivery or non-client facing roles and often in more junior positions. This tends to be reflected at TClarke despite our best efforts.

TClarke aspires to create a diverse workforce by recruiting suitably qualified candidates from a range of backgrounds regardless of age, sexual orientation, ethnic or national origin or colour, sex, trans-gender status, religion or belief, pregnancy and maternity, marital or civil partnership, or any other group who face disadvantage in our society. TClarke gives full and fair consideration to suitable applicants, having regard to individuals' aptitudes and abilities, and takes responsibility for its obligations towards employment of disabled people. The Company is committed to ensuring that any individual who becomes disabled during the course of their employment remains in their own role, where possible, or is employed in another suitable position. Training, career development and promotion of disabled employees should, as far as possible, be identical to that of other employees.

Human rights

TClarke does not have a separate human rights policy. A respect for human rights is implicit in all our employment policies, corporate values and policies on data protection, privacy and anti-bribery and corruption.

Modern slavery

TClarke is committed to compliance with the Modern Slavery Act 2015. A statement which sets out our actions to comply with the requirements of the Act appears on the Group's website at www.tclarke.co.uk.

Anti-bribery and corruption

TClarke values its reputation for lawful and ethical behaviour and has a zero tolerance of any form of bribery or inappropriate inducement. Our anti-bribery and corruption policy has been communicated to all staff and is published on the TClarke Group Sharepoint.

Principal risks and uncertainties

The principal risks and uncertainties faced by the business and the controls and mitigating factors in place are as follows:

Political, economic and market conditions

The construction sector is highly cyclical. The Company is dependent on the planned level of construction and maintenance expenditure by both the public and private sectors. Further, the Group is subject to complex and evolving tax, legal and regulatory requirements. A breach of laws and regulations could lead to litigation, investigations or disputes, resulting in additional costs being incurred, civil and/or criminal proceedings and reputational damage. In response to these risks, the Company:

- continues to operate throughout the UK using its core M&E skill base to enable agile movement in and out of sectors to meet changing market demands.
- monitors its order book to ensure an appropriate balance of work between London and the regions and across the various sectors in which it operates.
- develops long-term client and contractor relationships and seeks to secure framework agreements to mitigate against demand fluctuations.
- monitors cost and skills bases to ensure these are aligned to reflect anticipated workload.
- monitors legal and regulatory developments in the areas in which it operates and seeks legal or other specialist advice as appropriate. All employees, suppliers and subcontractors are required to comply with all applicable laws and regulations. Training is provided on legal and regulatory changes as required.

Contractual and operational risk

Failure to deliver projects to time, quality or budget, and contractual disputes that can arise over the scope and valuation of contracts, may make the ultimate outcome of contracts uncertain. The company continually assesses and manages contractual and operational risks, including health and safety risks, throughout the bidding stage to the final commissioning of an installation and handover to the client, using its experienced teams of estimators, engineers, supervisors and surveyors. Our business information systems monitor profit and cash flow throughout the life of a contract and regular review meetings are held to monitor progress and identify and address operational and financial issues as they arise.

Financial risk management

The company has exposure to the following risks from its use of financial instruments: cost inflation, credit and counterparty liquidity, cash flow and interest.

Set out below is further information about the company's exposure to financial risk and the company's objectives, policies and procedures for measuring and managing financial risk. The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework.

Strategic Report (continued)
For the Year Ended 31 December 2018

Cost inflation

Commodity prices of copper and steel form major component parts within our industry. In addition, UK prices of materials that we could procure could be adversely affected by any weakness in sterling. The majority of projects that we secure do not allow for the recovery of any increase in labour and material costs. The company has in place formal supplier framework agreements to manage and, where possible, mitigate this risk, with prices locked in through procurement at the beginning of a contract wherever possible.

Credit and counterparty risk

The company's main financial assets are contract and other trade receivables, and cash and bank balances. These assets represent the company's main exposure to credit risk, which is a risk that a counterparty will fail to discharge its obligations, resulting in financial loss to the company. The company may also be exposed to financial risk through the failure of a subcontractor or supplier. The financial strength of counterparties is considered prior to signing contracts, and is reviewed as contracts progress where there are indications that a counterparty may be experiencing financial difficulty. Procedures include the use of credit agencies to check the creditworthiness of existing and new clients and the use of approved suppliers lists and framework agreements with key suppliers.

Liquidity risk

The company manages liquidity risk by maintaining adequate cash reserves and banking facilities, monitoring cash flows and by matching maturity profiles of financial assets and liabilities within the bounds of its contractual obligations. The company is party to a group banking arrangement which is managed by its parent company, TClarke Plc.

Health and safety

Failure to manage health, safety and environmental risks could cause serious injury or loss to employees or third parties and expose the Group to significant financial and reputational loss and litigation. To mitigate this risk, the Company ensures that industry leading health and safety policies and procedures are maintained. As part of this, all employees receive regular training and updates to ensure they are aware of their responsibilities. Further, all employees, suppliers and subcontractors are required to comply with all applicable laws, regulations and standards.

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

T J Mitchell

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T J Mitchell
Director

Date: 26 MARCH 2019

Directors' Report
For the Year Ended 31 December 2018

The directors present their report together with the audited financial statements for the year ended 31 December 2018.

Results and dividends

The Statement of Comprehensive Income is set out on page 11 and shows the profit for the year.

The company did not pay an interim divided during the year (2017: £Nil). The directors do not recommend the payment of a final dividend (2017: £Nil).

Future developments

An indication of the likely future developments in the business of the company is given in the Strategic Report on pages 1 to 4.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

M Lawrence
M Crowder
K J Bones
K C Mullen
A S Griffiths
G L Jackson
M R Walton (resigned 2 February 2018)
T J Mitchell (appointed 5 February 2018)
G A Julyan (appointed 1 February 2019)

Directors' indemnities

The company maintains directors' and officers' liability insurance cover for its directors and officers as permitted under the company's articles and the Companies Act. Such insurance policies were renewed during the year and remain in force. The company also indemnifies the directors under an indemnity deed with each director which contains provisions that are permitted by the director liability provisions of the Companies Act and the company's articles. An indemnity deed is usually entered into by a director at the time of their appointment to the Board. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act) were in force during the year and remain in force at the date of approval of the financial statements for the benefit of the directors (and any officer) of the company or any associated company.

Financial risk management

The company's financial risk management policies are included in the Strategic Report.

Research and development

The company undertakes research and development activity in creating innovative design and construction solutions integral to the delivery of its projects. The direct expenditure incurred is not separately identifiable as the investment is usually contained within the relevant project.

Going concern

The company meets its day to day working capital requirements through a mixture of cash at bank and access to the Group's bank facilities.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate without the need for further facilities for a period of at least 12 months from the date on which the financial statements for the year ended 31 December 2018 were approved. For this reason, the directors have adopted the going concern basis of accounting in preparing the annual financial statements.

Employees

Details of employees have been disclosed in the Strategic Report.

Post Statement of Financial Position events

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

Disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

T J Mitchell

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T J Mitchell
Director

Date: 26 MARCH 2019

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

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.

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

TJ Mitchell

T J Mitchell
Director

Date: 26 MARCH 2019

Independent Auditor's Report to the Members of TClarke Contracting Limited

Report on the audit of the financial statements

Opinion

In our opinion, TClarke Contracting Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2018; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.
However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union, which is currently due to occur on 29 March 2019, are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Independent Auditor's Report to the Members of TClarke Contracting Limited (continued)

Responsibilities for the financial statements and the audit (continued)

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Matthew Mullins (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
Date: 26 March 2019.

Statement of Comprehensive Income
For the Year Ended 31 December 2018

	Note	2018 £	2017 £
Revenue	4	**322,918,306**	251,011,368
Cost of sales		**(284,095,594)**	(224,575,595)
Gross profit		**38,822,712**	26,435,773
Administrative expenses		**(30,153,142)**	(20,726,084)
Other operating income		**17,182**	1,180
Operating profit		**8,686,752**	5,710,869
Finance income	8	**302,188**	243,626
Finance expenses	9	**(285)**	(17,896)
Profit before taxation		**8,988,655**	5,936,599
Tax on profit	10	**(1,818,378)**	(1,142,610)
Profit and total comprehensive income for the year		**7,170,277**	4,793,989

All amounts relate to continuing operations.

The notes on pages 15 to 30 form part of these financial statements.

TClarke Contracting Limited
Company Number 00189434

Statement of Financial Position
As at 31 December 2018

	Note	2018 £	2017 £
Assets			
Non-current assets			
Deferred tax assets	17	**44,852**	19,716
Trade and other receivables	13	**9,339,730**	13,228,183
		9,384,582	13,247,899
Current assets			
Inventories	11	**283,553**	500,465
Amounts due from customers under construction contracts	12	**26,382,783**	25,720,428
Trade and other receivables	13	**70,591,234**	61,491,644
Cash and cash equivalents	16	**8,402,490**	7,277,726
		105,660,060	94,990,263
Total assets		**115,044,642**	108,238,162
Liabilities			
Current liabilities			
Trade and other payables: Amounts falling due within one year	14	**89,569,314**	84,671,243
Corporation tax payable	10	**1,823,625**	1,028,612
Amounts due to customers under construction contracts	12	**8,378,562**	5,677,038
		99,771,501	91,376,893
Non-current liabilities			
Trade and other payables: Amounts falling due after more than one year	17	**-**	8,758,405
		-	8,758,405
Total liabilities		**99,771,501**	100,135,298
Net assets		**15,273,141**	8,102,864

TClarke Contracting Limited
Company Number 00189434

Statement of Financial Position (continued)
As at 31 December 2018

Equity			
Share capital	18	**500,000**	500,000
Retained Earnings	19	**14,773,141**	7,602,864
Total equity		**15,273,141**	8,102,864

The financial statements on pages 11 to 30 were approved and authorised for issue by the board and were signed on its behalf by:

T J Mitchell

T J Mitchell
Director

Date: 26 MARCH 2019

TClarke Contracting Limited

Statement of Changes in Equity
For the Year Ended 31 December 2018

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 January 2018	**500,000**	**7,602,864**	**8,102,864**
Comprehensive income for the year			
Profit for the year	-	7,170,277	7,170,277
Total comprehensive income for the year	-	-	-
At 31 December 2018	**500,000**	**14,773,141**	**15,273,141**

Statement of Changes in Equity
For the Year Ended 31 December 2017

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 January 2017	500,000	2,808,875	3,308,875
Comprehensive income for the year			
Profit for the year		4,793,989	4,793,989
Total comprehensive income for the year		4,793,989	4,793,989
At 31 December 2017	500,000	7,602,864	8,102,864

The notes on pages 15 to 30 form part of these financial statements

Notes to the Financial Statements
For the Year Ended 31 December 2018

1. General information

TClarke Contracting Limited ('the company') is a private limited company, limited by shares, registered in England and Wales under the Companies Act 2006 and is incorporated and domiciled in the United Kingdom. Its registered office is disclosed on the Company Information page.

2. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation of financial statements

The company meets the definition of a qualifying entity under Financial Reporting Standard 100 ('FRS 100') issued by the Financial Reporting Council ('FRC').

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101') and the Companies Act 2006 and are presented in sterling.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in relation to certain assets, presentation of a cash flow statement, related party transactions, standards not yet effective and share-based payment expenses. Where required, equivalent disclosures are available in the consolidated financial statements of TClarke Plc, which are available to the public at www.tclarke.co.uk and from Companies House.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

Going concern

The company meets its day to day working capital requirements through a mixture of cash at bank and access to the Group's bank facilities.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate without the need for further facilities for a period of at least 12 months from the date on which the financial statements for the year ended 31 December 2018 were approved. For this reason, the directors have adopted the going concern basis of accounting in preparing the annual financial statements.

2.2 Adoption of new and revised standards

New standards, interpretations and amended standards adopted by the company

The accounting policies adopted are in line with those in previous financial year, with the exception of IFRS 15 ("Revenue from Contracts with Customers") and IFRS 9 ("Financial Instruments"). These two standards have been applied for the first time in this entity, with effect from 1st January 2018.

IFRS 15: Revenue from Contracts with Customers

The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. IFRS 15 replaces all existing revenue requirements in IFRS and applies to all revenue arising from contracts with customers unless the contracts are within the scope of other standards such as IAS 17 Leases.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under IFRS 15 an entity recognises revenue when, or as, a performance obligation is satisfied, that is when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer so that the customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

During 2017 and 2018, the Company conducted a comprehensive review of existing contractual arrangements and processes for recognising revenue to determine the impact of IFRS 15. A key consideration in this review was the treatment of contract modifications (variations, claims, etc). Under previous accounting standards, these could be included in revenue when it is probable that these will be approved by the customer and the amount of revenue can be reliably measured. Under IFRS 15, a higher threshold is in operation as now these can only be included in revenue to the extent that, it is highly probable a significant reversal in the cumulative revenue recognised will not occur in the future from these contract modifications.

The conclusion of the review was the impact of IFRS 15 was deemed to be immaterial. Amongst other factors, the Company's existing policies for recognising variable consideration were in compliance with the thresholds entailed by IFRS 15. As a result, these financial statements are neither restated for the retrospective impact of IFRS 15 nor is there an adjustment through opening retained earnings.

2. Accounting policies (continued)

IFRS 9: Financial Instruments

The standard introduced new requirements for the classification and measurement of financial instruments, including impairment requirements for financial assets. The key requirements of IFRS 9 are:

• All financial assets are required to be classified and measured, on initial recognition and subsequently, at either fair value or amortised cost. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

• In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an

entity to account for expected credit losses at each reporting date to reflect changes in credit risk since initial recognition.

• For financial liabilities, IFRS 9 retains most of IAS 39's requirements. The main change is that where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

The classification and measurement basis for its financial assets and liabilities have been unchanged with the adoption of IFRS 9.

The carrying amounts of assets and liabilities that were recognised in the prior year are materially unchanged from the application of IFRS 9. For this reason, there has been neither an adjustment to retained earnings at 31st December 2018 nor a restatement of prior year balances.

Loss allowances have been measured at an amount equal to lifetime expected credit losses, in accordance with the "simplified approach" in 5.5.15 of IFRS 9.

2.3 Revenue recognition

Revenue is recognised in accordance with the 5-step model outlined in IFRS 15:
1) Identify the contract with the customer
2) Identify the performance obligations in the contract
3) Determine the transaction price
4) Allocate the transaction price to the performance obligations in the contract
5) Recognise revenue when or as the entity satisfies its performance obligations

Revenue derives largely from two sources: most significantly, from long-term contracts whereby the company designs, installs and integrates mechanical and electrical systems for customers ("construction contracts", see 2.4); less significantly, from ongoing maintenance works on previously installed systems. In both instances, steps (1) to (4) of the revenue recognition process are determined with reference to the formal contract which exists with the customer. In these contracts, the transaction price, performance obligations, etc. are readily identifiable and distinct.

Revenue from maintenance work is measured as the amount the entity expects to be entitled to in exchange for transferring goods or services to the customer – this amount is net of discounts and VAT. It is recognised at the point in time the customer obtains control over the asset associated with the works.

A receivable is recognised when the goods are delivered, which is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

2. Accounting policies (continued)

The Directors have elected to apply practical expedient in paragraph C5(d) to not disclose the transaction price allocated to remaining performance obligations and an explanation of when the Company expects to recognise that amount as revenue for the prior year.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction price for the time value of money.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

2.4 Construction contracts – revenue and related assets and liabilities

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised over time by reference to the stage of completion of the contract activity at the reporting date, measured based on the proportion of contract costs (prime costs and overheads) incurred for the work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion (instances of which are rare).

The earliest point at which profit is taken is that at which the outcome of the contract, based on an assessment by officials of the Company, can be reliably foreseen, taking into account the circumstances of each contract. Variations are included to the extent it is highly probable that its inclusion will not result in a significant revenue reversal in the future. Full provision is made for any foreseeable losses to completion.

"Contract assets" (as discussed in IFRS 15.107) are recognised when the company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due. This asset is assessed for impairment in accordance with IFRS 9. These "contract assets" have been termed "Amounts due from customers under construction contracts" in these financial statements.

"Contract liabilities" (as discussed in IFRS 15.106) are recognised if a customer pays consideration before the entity transfers a good or service. These have been captioned in these financial statements as "Amounts due to customers under construction contracts".

Bid costs are expensed as incurred, unless recoverable from customers.

2.5 Impairment of non-financial assets

Non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

2.6 Leasing and hire purchase commitments

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term.

2. Accounting policies (continued)

2.7 Inventories

Inventories of raw materials and consumables are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the asset to its present location and condition.

2.8 Financial instruments

The company's financial instruments comprise trade and other receivables (excluding prepayments), contract trade and other payables (excluding deferred income and taxation), and cash and cash equivalents net of overdrafts. The company classifies its financial assets as loans and receivables and its financial liabilities as liabilities at amortised cost. The company does not trade in any financial derivatives. Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Trade and other receivables

Trade and other receivables are noninterest bearing, are measured on initial recognition at fair value and subsequently at amortised cost. On initial recognition, a loss allowance is created which reflects the lifetime expected credit loss on that asset. This loss allowance is subsequently reassessed at each reporting period date.

Trade and other receivables are presented net of the loss allowance.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, bank overdrafts, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts are included within current liabilities in the Statement of Financial Position. Finance income and expense are recognised using the effective interest method and are added to the carrying value of the asset or liability as they arise.

Trade and other payables

Trade and other payables are initially measured at fair value and subsequently at amortised cost. Trade and other payables are noninterest bearing.

2. Accounting policies (continued)

2.9 Taxation

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

Tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income. The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income 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.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The amount of any deferred tax asset or liability recognised is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax assets and liabilities are offset as the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied on the same company.

2.10 Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when they are paid. In the case of final dividends, this is when approved by the board.

2.11 Retirement benefit costs

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

TClarke Services Limited, a related group company, operates a pension scheme providing defined benefits on career average salaries for a number of employees. The company is liable for normal contributions only and the liability to pay final pensions and any shortfall in the scheme lies with TClarke Services Limited. The company's contributions are accounted for in the calculation of operating profit in the year in which they are made.

2.12 Borrowing costs

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

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

In the application of the company's accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities at the reporting date and the amounts of revenue and expenses incurred during the period that may not be 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and judgements that have the most significant impact are set out below:

Revenue and margin

The recognition of revenue and profit on construction contracts is a key source of estimation uncertainty due to the difficulty of forecasting the final costs to be incurred on a contract in progress and the process whereby applications are made during the course of the contract with variations, which can be significant, often being agreed as part of the final account negotiation. The company's policy for the recognition of revenue and profit on construction contracts is set out in the accounting policies. The directors also take into account the recoverability of contract balances and trade receivables, and allowances are made for those balances which are considered to be impaired.

Loss allowances relating to financial and contract assets

In accordance with the new requirements of IFRS 9, a loss provision is set against financial and contract assets and reassessed at each reporting date. The allowance is the lifetime expected loss associated with the asset, the determination of which requires analysis of both historical and forward-looking information.

4. Revenue

An analysis of revenue by class of business is as follows:

	2018 £	2017 £
Construction contracts	**300,353,679**	239,234,553
Other services	**22,564,627**	11,776,815
	322,918,306	251,011,368

Revenue is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period was £2,470,119 (2017: £1,840,718)

At the end of the reporting period, the aggregate amount of transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) was £360,711,379. These will be recognised as revenue in accordance with the satisfaction of the performance obligations.

In the current year, the incremental costs of obtaining a contract with a customer which has been recognised as an asset is nil (2017: nil).

In the current year, the costs to fulfil a contract with a customer which has been recognised as an asset is nil (2017: nil).

5. Operating profit

The operating profit is stated after charging/(crediting):

	2018 £	2017 £
Operating lease charge	**-**	
- land and buildings	**13,111**	-
- plant, machinery and vehicles	**-**	37,814
Raw materials and consumables expensed during the year	**77,555,740**	64,438,776
Bad debt expense	**154,286**	204,825

The audit fees of have been borne by another company within the TClarke Plc group of companies.

6. Employees

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

	2018 £	2017 £
Wages and salaries	**38,434,495**	23,647,675
Social security costs	**3,755,395**	2,462,570
Other pension costs	**1,515,458**	701,826
	43,705,348	26,812,071

Directors' remuneration is disclosed in note 7. The key management of the company are deemed to be the same as the directors of the company, therefore no additional disclosure of key management compensation has been provided.

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

	2018 No	2017 No
Staff	**-**	712
Operatives	**898**	219
	898	931

As part of the group reorganisation completed in 2017, contracts of employment were transferred within group entities such that weekly salaried staff were employed by the company and monthly salaried staff, including Directors, were employed by TClarke Services Limited.

Defined contribution pension schemes

The company contributes to defined contribution pension schemes on behalf of all qualifying employees.. The assets of those schemes are held separately from those of the group in funds under the control of the trustees. The total cost charged to income of £647,483 (2017 - £355,653) represents contributions payable to these schemes by the company at rates specified in the rules of the separate plans.The amount of pension contributions outstanding at the end of the year was £238,306 (2017: £153,769, included in other creditors).

TClarke Group Retirement and Death Benefits Scheme

Prior to the transfer of all staff into TClarke Services Limited, the company participated in the defined benefit pension scheme operated by TClarke Services Limited, the TClarke Retirement and Death Benefits Scheme ('the Scheme'). Since 1st January 2018, these contributions were made by TClarke Services Limited. Contributions during the year were £Nil (2017: £Nil). The amount of pension contributions outstanding at the end of the year was £Nil (2017: £Nil included in other creditors).

TClarke Plc and TClarke Contracting Limited have each provided a guarantee to the Trustees of the Scheme in relation to TClarke Services Limited's obligations to the Scheme.

Detailed disclosures about the Scheme can be found in the consolidated financial statements of the parent company, TClarke Plc, and in the financial statements of TClarke Services Limited.

6. Employees (continued)

TClarke Plc Savings Related Share Option Scheme

The Group operates a TClarke Plc Savings Related Share Option Scheme, an approved Save As You Earn share option scheme. All eligible employees in the scheme have moved their contracts of employment to TClarke Services Limited during 2017, where the costs have been borne.

7. Directors' remuneration

Following the Group reorganisation in the 2017, remuneration of directors who are also directors of TClarke Plc is borne by TClarke Plc and is disclosed in the consolidated financial statements of TClarke Plc. The remaining directors were remunerated by TClarke Services Limited and their remuneration is disclosed in the financial statements of TClarke Services Limited.

The company's directors are considered to be its key management personnel.

8. Finance income

	2018 £	2017 £
Interest receivable from group companies	289,712	243,626
Finance income - other	12,475	-
	302,187	243,626

9. Finance expense

	2018 £	2017 £
Discount amortisation charge	285	17,896
	285	17,896

10. Tax on profit

	2018	2017
	£	£
Corporation tax		
Current tax on profits for the year	**1,736,417**	1,142,752
Adjustment in relation to prior years	**106,827**	
	1,843,244	1,142,752
Total current tax	**1,843,244**	1,142,752)
Deferred tax		
Origination and reversal of timing differences	**(25,857)**	(142)
Adjustment in relation to prior years	**991**	-
Total deferred tax	**(24,866)**	(142)
Total tax expense for the year	**1,818,378**	1,142,610

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2017: lower than) the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below:

	2018	2017
	£	£
Profit before tax	**8,988,655**	5,936,599
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%)	**1,707,518**	1,142,592
Effects of:		
Expenses not deductible for tax purposes	**3,042**	18
Adjustments to tax charge in respect of prior periods	**107,818**	-
Total tax expense for the year	**1,818,378**	1,142,610

Factors that may affect future tax charges

The main rate of UK corporation tax will be reduced to 17% on 1 April 2020.

11. Inventories

	2018 £	2017 £
Raw materials and consumables	**283,553**	500,465
	283,553	500,465

There is no material difference between the replacement cost of inventories and the amounts stated above.

12. Construction contracts

	2018 £	2017 £
Contract work in progress comprises:		
Contract costs incurred plus recognised profits less recognised losses to date	**310,167,286**	242,552,694
Less progress payments	**(292,163,065)**	(222,509,304)
Contracts in progress at the reporting date	**18,004,221**	20,043,390

	2018 £	2017 £
Gross amount due from customers	**26,382,783**	25,720,428
Gross amount due to customers	**(8,378,562)**	(5,677,038)
	18,004,221	20,043,390

13. Trade and other receivables

	2018 £	2017 £
Amounts falling due after more than one year		
Trade receivables	-	4,369,064
Amounts owed by group undertakings	9,339,730	8,859,119
	9,339,730	13,228,183

	2018 £	2017 £
Amounts falling due within one year		
Trade receivables	53,150,016	46,502,206
Amounts owed by group undertakings	2,675,006	3,156,573
Other receivables	1,116,033	37,415
Prepayments	1,369,899	1,513,664
Accrued income	12,280,280	10,281,786
	70,591,234	61,491,644

Trade receivables are included net of a provision of £665,391 (2017: £483,362) for impairment of trade receivables.

Amounts owed by group undertakings falling due after more than one year comprise 10-year variable rate unsecured loan notes, earning interest at 2.5% above base rate. All other amounts owed by group undertakings are unsecured, interest-free and are repayable on demand.

14. Trade and other payables: Amounts falling due within one year

	2018 £	2017 £
Trade payables	49,465,435	47,145,553
Amounts owed to group undertakings	4,422,730	4,920,743
Taxation and social security	5,274,474	5,131,305
Other payables	434,174	204,231
Accruals	26,867,385	26,819,412
Deferred income	3,105,116	449,999
	89,569,314	84,671,243

Amounts owed to group undertakings falling due within one year are unsecured, interest free and are repayable on demand.

15. Trade and other payables: Amounts falling due after more than one year

	2018 £	2017 £
Trade payables	-	2,795,636
Amounts owed to group undertakings	-	5,962,769
	-	8,758,405

Amounts owed by group undertakings falling due after more than one year comprise 10-year variable rate unsecured loan notes, earning interest at 2.5% above base rate. All other amounts owed by group undertakings are unsecured, interest-free and are repayable on demand.

16. Financial instruments

	2018 £	2017 £
Financial assets		
Cash and cash equivalents	**8,402,490**	7,277,726
Trade and other receivables excluding prepayments	**69,221,335**	73,206,163
Amounts due from customers under construction contracts	**26,382,783**	25,720,428
	104,006,608	106,204,317

	2018 £	2017 £
Financial liabilities		
Trade and other payables excluding deferred income and taxation	**(81,189,723)**	(87,848,344)
Amounts due to customers under construction contracts	**(8,378,562)**	(5,677,038)
	(89,568,285)	(93,525,382)

Financial assets measured at amortised cost comprise trade and other receivables (excluding prepayments and taxation), construction contract balances receivable and cash and cash equivalents.

Financial liabilities measured at amortised cost comprise trade and other payables (excluding deferred income and taxation) and construction contract balances payable.

17. Deferred tax asset

The analysis of deferred income tax assets and liabilities, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	2018 £	2017 £
Deferred tax asset	44,582	19,716
	44,582	19,716

	Retirement benefit obligations £	Accelerated capital allowances £	Total £
Asset at 1 January 2017	12,531	6,053	18,584
Transferred intra group	990	-	990
Credited/(charged) to income statement	1,231	(1,089)	142
Asset at 31 December 2017	14,752	4,964	19,716
Prior year adjustment	-	(991)	(991)
Credited/(charged) to income statement	26,751	(894)	25,857
	41,503	3,079	44,582

18. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
500,000 ordinary shares of £1 each	500,000	500,000
	500,000	500,000

19. Reserves

Retained earnings

Retained earnings represent cumulative profits and losses net of dividends paid and other adjustments.

20. Commitments under operating leases

At 31 December 2018 the company's future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2018 £	2017 £
Not later than 1 year	69,816	-
	69,816	-

21. Contingent liabilities

The company is a joint guarantor in respect of banking facilities granted to its parent undertaking and fellow subsidiaries. These facilities comprise of a £5 million overdraft facility and a £15 million revolving credit facility. There were no amounts outstanding at 31 December 2018 (2017: £Nil).

The company, together with the parent company TClarke Plc, has guaranteed the obligations of TClarke Services Limited to the TClarke Group Retirement and Death Benefits Scheme ("the Scheme"). Further details concerning the Scheme can be found in note 6 and in the financial statements of TClarke Services Limited and TClarke Plc.

22. Immediate and ultimate parent company and parent undertaking of larger group

The immediate and ultimate parent and controlling entity undertaking is TClarke Plc, a company registered in England and Wales.

The largest and smallest group in which the financial statements of the company are consolidated is that headed by TClarke Plc, incorporated in England and Wales. The consolidated financial statements of this company are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ. No other group financial statements include the results of the company.

23. Related party transactions

The company is a wholly owned subsidiary of TClarke Plc and has taken advantage of the exemption conferred by FRS 101 section 8(k) not to disclose transactions with TClarke Plc or other wholly owned subsidiaries within the group.

There have been no transactions with other related parties.

TClarke

ANTI-SLAVERY AND HUMAN TRAFFICKING POLICY STATEMENT

We are a nationwide building services contractor delivering the full range of mechanical, electrical and ICT services. Our strong teams across the country cover the whole lifecycle of the project from concept, design, construction through to lifetime maintenance. As a leader in our chosen markets, our objective is to deliver excellent services for our customers, resulting in safe, fair and professional contracting services at all times.

We recognise that the execution of our services involves labour being procured throughout our business and supply chains and understand that this entails the risk that modern slavery may take place. We acknowledge that modern slavery is a crime and a violation of fundamental human rights. It takes various forms, such as slavery, servitude, forced and compulsory labour and human trafficking, all of which have in common the deprivation of a person's liberty by another in order to exploit them for personal or commercial gain. We have a zero-tolerance approach to modern slavery, and we are committed to acting ethically and with integrity in all of our business undertakings and relationships, and to implementing and enforcing effective systems and controls to ensure that modern slavery is not taking place anywhere in either our own business, or in any of the businesses of our supply chains.

Our approach to ensuring that slavery and human trafficking do not take place within our organisation is one of risk management driven by our core values:

Integrity
We are committed to ensuring that there is transparency in our business and in our approach to tackling modern slavery that is consistent with our disclosure obligations under the Modern Slavery Act 2015.

Intelligence
We will take an intelligent approach to ensuring that our business and supply chains have effective systems and controls in place to ensure that slavery does not take place.

Teamwork
Our employees and supply chain will work together in alignment with our internal processes to ensure compliance with the Modern Slavery Act 2015.

Performance
We are committed to implementing systems and processes to ensure that there is zero-tolerance towards any acts of modern slavery within our business and throughout our supply chains.

Respect for People and Communities
We believe that modern slavery violates fundamental human rights and we are committed to play our part in ensuring that this does not take place within our community.

In adhering to this policy, in particular we will: -

- Include, as part of our contracting processes within our supply chain, obligations to ensure compliance with the requirements of the Modern Slavery Act 2015.
- Encourage openness and provide support to anyone who raises genuine concerns in good faith under this policy, even if they turn out to be mistaken. We are committed to ensuring that no one suffers any detrimental treatment as a result of reporting in good faith their suspicion that modern slavery of whatever form is, or may be, taking place in any part of our own business or in the businesses of any of our supply chains.
- Communicate our zero-tolerance approach to modern slavery with our supply chain and business partners at the outset of our business relationship with them.

Our employees are collectively and personally responsible for the communication, understanding and practical application of this policy. This policy will be made available to all new employees at recruitment stage and to our supply chain and to any other interested parties upon request. Revisions will be communicated to those affected by the changes.

Our employees have a personal responsibility to report any actual or suspected instances of modern slavery throughout the business or supply chain to TClarke's HR Department or Legal Advisor. Breaches of this policy will be dealt with under TClarke's disciplinary procedures, and could lead to dismissal in applicable circumstances.

The Board and Senior Management are committed to implementing and enforcing effective systems which prevent, monitor and eliminate Slavery and Human Trafficking.

The Company appreciates that the risk of Slavery and Human Trafficking may change over the course of time and therefore Mark Lawrence; CEO will take responsibility for reviewing this policy and its implementation on a regular basis.

MARK LAWRENCE
CEO

Date: January 2019