

**Group Strategic Report,
Report of the Director and
Consolidated Financial Statements
for the Period 1 August 2016 to 31 December 2017
for
Graham Heath Group Limited**

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for the Period 1 August 2016 to 31 December 2017**

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Graham Heath Group Limited

**Company Information
for the Period 1 August 2016 to 31 December 2017**

DIRECTOR:

G J T Heath

REGISTERED OFFICE:

The Creamery
Wrenbury Industrial Estate
Station Road
Wrenbury
Cheshire
CW5 8EX

REGISTERED NUMBER:

07432717 (England and Wales)

AUDITORS:

Mitten Clarke Audit Limited
The Glades
Festival Way
Stoke on Trent
Staffordshire
ST1 5SQ

**Group Strategic Report
for the Period 1 August 2016 to 31 December 2017**

The director presents his strategic report of the company and the group for the period 1 August 2016 to 31 December 2017.

REVIEW OF BUSINESS

The following set of consolidated accounts reflects the group's operations as follows:

Graham Heath Group Limited (Previously Graham Heath Holdings Limited) - a property holding company.

Graham Heath Construction Limited - subsidiary operating in erection of agricultural buildings.

Concrete Panel Systems Limited - subsidiary operating in the manufacture of concrete panels.

TFC Supplies Limited - subsidiary supplying general builder's merchants from two sites in Staffordshire.

Graham Heath Management Services Limited (Previously South Cheshire Readymix Limited) - providing management services to the trading group companies.

Kit Framed Buildings Limited - dormant subsidiary.

Moorfields Investments Limited - dormant subsidiary.

G H Equestrian Limited - dormant subsidiary.

Concrete Products Limited - dormant subsidiary.

The trading activities are conducted through Graham Heath Construction Limited, Concrete Panel Systems Limited, TFC Supplies Limited, and Graham Heath Management Services Limited.

The three main trading companies generate turnover through advertising from their respective websites and in key industry magazines. Significant leads are now generated throughout the year from being an exhibitor and sponsor at related industry shows across the UK. The companies also focus on core business values of high quality of product, competitive pricing, and excellent customer service, to generate repeat business with customers and generate positive publicity where possible.

All the Group's trading activities are conducted in the United Kingdom

**Group Strategic Report
for the Period 1 August 2016 to 31 December 2017**

PRINCIPAL RISKS AND UNCERTAINTIES

There are a range of risks facing the group and the group seeks to mitigate exposure to all forms of risk.

Credit risks

The trading companies have implemented policies that require appropriate credit checks on potential customers before sales are made. In addition, all purchases undergo stringent processes to establish rightful title to goods before onward sale.

Liquidity and cash flow risks

The trading companies carefully manage both their stock holding and aged debtor's policy and provides appropriately to minimise risk. The trading companies do not require any funding to manage their working capital requirements due to their cash reserves. Funding facilities have been agreed with the company bankers to fund the immediate and future expansion plans.

The Group has no exposure to Foreign Exchange risk.

The development of the Moorfields site started early 2016, which paved the way for TFC Supplies Limited to start trading from this site with its own yard. Units for rent have been built and the program is ongoing, this has been earnings enhancing during the period and will continue to do so going forward.

TFC supplies Limited Leek Road site had a fire which curtailed the manufacturing capacity for numerous concrete products. The claim was fully settled and manufacturing is now based at the Moorfields site. Impact on turnover was for a short period of four months and the product range was increased to sell more timber based products and move away from the low margin own manufactured concrete products.

The group appointed new auditors during the period and changed the accounting year end to 31st December.

The group turnover for the period amounted to £19,685,939 (2016: £11,669,627), being an increase of 68.7% amounting to £8,016,312. Key factors contributed to this increase are, firstly a full period of turnover for TFC Supplies Leek Road of £1,017,905, (2016: £0), and secondly the period 1.8.2016 to 31.12.2016 from the existing members of the group was £3,188,241

Profit after tax for the financial year amounted to £2,039,380 (2016: £233,901).

During the period, the group remained profitable and has acquired the freehold of the land adjacent to Newcastle Road, Stoke-On-Trent and a two-year lease was signed with the incumbent tenants. The lease expires November 2019 and the tenant will be offered to extend the lease. This increased earnings in the period.

The group's reputation for offering excellent value and service continues to grow, and this has been reflected in the emphasis on higher margin related sales throughout the trading period for the three main trading companies.

The director intends to continue the policies which have resulted in the review of turnover to maximise margins of the business whilst at the same time expanding the breadth of their product range, enhancing accessibility for clients and embarking upon further geographic growth. We are looking to add value by providing a renewable energy option to our customers, this will be turnover and margin enhancing.

ON BEHALF OF THE BOARD:



G J T Heath - Director

20 June 2018

**Report of the Director
for the Period 1 August 2016 to 31 December 2017**

The director presents his report with the financial statements of the company and the group for the period 1 August 2016 to 31 December 2017.

PRINCIPAL ACTIVITY

The principal activity of the group in the period under review was that of the erection of agricultural buildings, the manufacturing of concrete panels and the supply of timber and fencing products.

The principal activity of the company in the year under review was that of a property and holding company.

DIVIDENDS

Interim dividends per share were paid as follows:

Ordinary £1 shares	£36,300	- 31 March 2017
Redeemable preference £1 shares	£25,000	- 31 December 2017

The director recommends that no final dividends be paid.

The total distribution of dividends for the period ended 31 December 2017 will be £61,300.

DIRECTOR

G J T Heath held office during the whole of the period from 1 August 2016 to the date of this report.

DISCLOSURE IN THE STRATEGIC REPORT

The company has chosen in accordance with section 414C(11) of Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's Strategic Report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Group Strategic Report, the Report of the Director and the financial statements in accordance with applicable law and regulations.

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

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

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

Report of the Director
for the Period 1 August 2016 to 31 December 2017

AUDITORS

The auditors, Mitten Clarke Audit Limited, were appointed on 29 June 2017 and will be re-appointed in accordance with section 485 Companies Act 2006.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to be 'G J T Heath', written in a cursive style.

G J T Heath - Director

20 June 2018

Report of the Independent Auditors to the Members of Graham Heath Group Limited

Opinion

We have audited the financial statements of Graham Heath Group Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 31 December 2017 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 December 2017 and of the group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The director is responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Director, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

**Report of the Independent Auditors to the Members of
Graham Heath Group Limited**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Director.

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

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

Responsibilities of director

As explained more fully in the Statement of Director's Responsibilities set out on page four, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

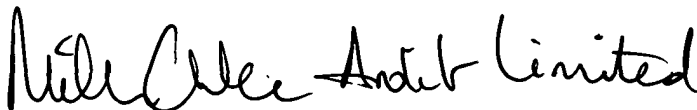
In preparing the financial statements, the director is responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends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

Our 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 a Report of the Auditors 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.

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

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



Adam Clarke BA FCA (Senior Statutory Auditor)
for and on behalf of Mitten Clarke Audit Limited
The Glades
Festival Way
Stoke on Trent
Staffordshire
ST1 5SQ

Date: 20 June 2018

Consolidated Income Statement
for the Period 1 August 2016 to 31 December 2017

	Notes	Period 1.8.16 to 31.12.17		Year Ended 31.7.16	
		£	£	£	£
TURNOVER			19,685,939		11,669,627
Cost of sales			12,704,433		7,449,339
GROSS PROFIT			6,981,506		4,220,288
Distribution costs		19,700		13,383	
Administrative expenses		5,395,201		4,236,494	
			5,414,901		4,249,877
			1,566,605		(29,589)
Other operating income			1,336,963		320,759
OPERATING PROFIT	5		2,903,568		291,170
Interest receivable and similar income			249		693
			2,903,817		291,863
Gain/loss on revaluation of investment property			(289,477)		-
			2,614,340		291,863
Interest payable and similar expenses	7		106,836		46,429
PROFIT BEFORE TAXATION			2,507,504		245,434
Tax on profit	8		468,124		11,533
PROFIT FOR THE FINANCIAL PERIOD			2,039,380		233,901
Profit attributable to: Owners of the parent			2,039,380		233,901

The notes form part of these financial statements

**Consolidated Other Comprehensive Income
for the Period 1 August 2016 to 31 December 2017**

	Notes	Period 1.8.16 to 31.12.17 £	Year Ended 31.7.16 £
PROFIT FOR THE PERIOD		2,039,380	233,901
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>2,039,380</u>	<u>233,901</u>
Total comprehensive income attributable to: Owners of the parent		<u>2,039,380</u>	<u>233,901</u>

The notes form part of these financial statements

Consolidated Balance Sheet
31 December 2017

	Notes	2017 £	2016 £
FIXED ASSETS			
Intangible assets	11	-	24,500
Tangible assets	12	4,643,740	4,667,564
Investments	13	-	-
Investment property	14	4,700,000	2,269,136
		<u>9,343,740</u>	<u>6,961,200</u>
CURRENT ASSETS			
Stocks	15	661,048	533,951
Debtors	16	1,489,747	1,140,639
Cash at bank and in hand		20,702	530,744
		<u>2,171,497</u>	<u>2,205,334</u>
CREDITORS			
Amounts falling due within one year	17	2,652,722	3,760,827
NET CURRENT LIABILITIES		<u>(481,225)</u>	<u>(1,555,493)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,862,515</u>	<u>5,405,707</u>
CREDITORS			
Amounts falling due after more than one year	18	(3,183,559)	(1,617,342)
PROVISIONS FOR LIABILITIES	22	<u>(95,400)</u>	<u>(182,889)</u>
NET ASSETS		<u><u>5,583,556</u></u>	<u><u>3,605,476</u></u>
CAPITAL AND RESERVES			
Called up share capital	23	2,500,003	2,500,003
Retained earnings	24	3,083,553	1,105,473
SHAREHOLDERS' FUNDS		<u><u>5,583,556</u></u>	<u><u>3,605,476</u></u>

The financial statements were approved by the director on 20 June 2018 and were signed by:



G J T Heath - Director

Company Balance Sheet
31 December 2017

	Notes	2017	2016
		£	£
FIXED ASSETS			
Intangible assets	11	-	-
Tangible assets	12	4,636,953	3,326,361
Investments	13	602	602
Investment property	14	4,700,000	2,269,136
		<u>9,337,555</u>	<u>5,596,099</u>
CURRENT ASSETS			
Stocks	15	-	75,000
Debtors	16	724,135	218,603
Cash at bank and in hand		304	69,288
		<u>724,439</u>	<u>362,891</u>
CREDITORS			
Amounts falling due within one year	17	2,056,863	1,999,451
NET CURRENT LIABILITIES		<u>(1,332,424)</u>	<u>(1,636,560)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,005,131</u>	<u>3,959,539</u>
CREDITORS			
Amounts falling due after more than one year	18	(2,883,559)	(1,267,342)
PROVISIONS FOR LIABILITIES	22	<u>(95,400)</u>	<u>-</u>
NET ASSETS		<u><u>5,026,172</u></u>	<u><u>2,692,197</u></u>
CAPITAL AND RESERVES			
Called up share capital	23	2,500,003	2,500,003
Retained earnings	24	2,526,169	192,194
SHAREHOLDERS' FUNDS		<u><u>5,026,172</u></u>	<u><u>2,692,197</u></u>
Company's profit for the financial year		<u><u>2,395,275</u></u>	<u><u>139,234</u></u>

The financial statements were approved by the director on 20 June 2018 and were signed by:



G J T Heath - Director

The notes form part of these financial statements

**Consolidated Statement of Changes in Equity
for the Period 1 August 2016 to 31 December 2017**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 August 2015	3	871,572	871,575
Changes in equity			
Issue of share capital	2,500,000	-	2,500,000
Total comprehensive income	-	233,901	233,901
Balance at 31 July 2016	<u>2,500,003</u>	<u>1,105,473</u>	<u>3,605,476</u>
Changes in equity			
Dividends	-	(61,300)	(61,300)
Total comprehensive income	-	2,039,380	2,039,380
Balance at 31 December 2017	<u>2,500,003</u>	<u>3,083,553</u>	<u>5,583,556</u>

The notes form part of these financial statements

**Company Statement of Changes in Equity
for the Period 1 August 2016 to 31 December 2017**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 August 2015	3	52,960	52,963
Changes in equity			
Issue of share capital	2,500,000	-	2,500,000
Total comprehensive income	-	139,234	139,234
Balance at 31 July 2016	<u>2,500,003</u>	<u>192,194</u>	<u>2,692,197</u>
Changes in equity			
Dividends	-	(61,300)	(61,300)
Total comprehensive income	-	2,395,275	2,395,275
Balance at 31 December 2017	<u><u>2,500,003</u></u>	<u><u>2,526,169</u></u>	<u><u>5,026,172</u></u>

The notes form part of these financial statements

Consolidated Cash Flow Statement
for the Period 1 August 2016 to 31 December 2017

	Notes	Period 1.8.16 to 31.12.17 £	Year Ended 31.7.16 £
Cash flows from operating activities			
Cash generated from operations	1	2,466,320	1,181,489
Interest paid		(106,836)	(46,429)
Tax paid		(11,533)	(7,411)
Net cash from operating activities		<u>2,347,951</u>	<u>1,127,649</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(1)	-
Purchase of tangible fixed assets		(950,819)	(1,812,589)
Purchase of investment property		(2,720,341)	(148,670)
Sale of tangible fixed assets		558,320	51,060
Interest received		249	693
Net cash from investing activities		<u>(3,112,592)</u>	<u>(1,909,506)</u>
Cash flows from financing activities			
New loans in year		2,000,000	-
Loan repayments in year		(237,796)	-
Amount introduced by directors		61,300	-
Amount withdrawn by directors		(1,507,605)	-
Share issue		-	2,500,000
Proceeds from borrowings		-	(2,236,522)
Equity dividends paid		(61,300)	-
Net cash from financing activities		<u>254,599</u>	<u>263,478</u>
Decrease in cash and cash equivalents		<u>(510,042)</u>	<u>(518,379)</u>
Cash and cash equivalents at beginning of period	2	<u>530,744</u>	<u>906,093</u>
Cash and cash equivalents at end of period	2	<u><u>20,702</u></u>	<u><u>530,744</u></u>

The notes form part of these financial statements

**Notes to the Consolidated Cash Flow Statement
for the Period 1 August 2016 to 31 December 2017**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	Period 1.8.16 to 31.12.17 £	Year Ended 31.7.16 £
Profit before taxation	2,507,504	245,434
Depreciation charges	525,097	261,267
Profit on disposal of fixed assets	(84,273)	(16,232)
Loss on revaluation of fixed assets	289,477	-
Finance costs	106,836	46,429
Finance income	(249)	(693)
	<u>3,344,392</u>	<u>536,205</u>
Increase in stocks	(127,097)	(305,462)
(Increase)/decrease in trade and other debtors	(349,108)	463,226
(Decrease)/increase in trade and other creditors	<u>(401,867)</u>	<u>487,520</u>
Cash generated from operations	<u><u>2,466,320</u></u>	<u><u>1,181,489</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Period ended 31 December 2017

	31.12.17 £	1.8.16 £
Cash and cash equivalents	<u>20,702</u>	<u>530,744</u>

Year ended 31 July 2016

	31.7.16 £	1.8.15 £
Cash and cash equivalents	<u>530,744</u>	<u>906,093</u>

**Notes to the Consolidated Financial Statements
for the Period 1 August 2016 to 31 December 2017**

1. STATUTORY INFORMATION

Graham Heath Group Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. STATEMENT OF COMPLIANCE

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

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under FRS102 and are presented in Pounds Sterling (£) being the functional currency.

The financial statements cover a period of 17 months from 1 August 2016 to 31 December 2017. A longer period has been used for commercial reasons so that the audit fieldwork moving forward could be conducted in a period generally quieter for the company and group. The results for the period ended 31 July 2016 are, therefore, not entirely comparable.

Basis of consolidation

The consolidated financial statements incorporate those of Graham Heath Group Limited and its subsidiary undertaking for the period. All financial statements are made up to 31 December 2017.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.

The parent company has not presented its profit and loss account as provided by Section 408 of the Companies Act 2006.

The financial statements have been prepared on the assumption that the company and the group are able to carry on business as a going concern, which the directors consider appropriate having regard to the company and the group's current and expected performance.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

Notes to the Consolidated Financial Statements - continued
for the Period 1 August 2016 to 31 December 2017

3. ACCOUNTING POLICIES - continued

Significant judgements and estimates

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised 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.

Key sources of estimation uncertainty

The directors consider that the key estimates and assumptions used in preparing the financial statements are as follows:

- Depreciation rates and estimated economic useful life of tangible fixed assets.
- Valuations of investment property.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2014, is being amortised evenly over its estimated useful life of nil years.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	- 15% on reducing balance
Fixtures and fittings	- 25% on reducing balance and 15% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 33% on reducing balance and 25% on reducing balance

Investment property

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in profit or loss.

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition.

**Notes to the Consolidated Financial Statements - continued
for the Period 1 August 2016 to 31 December 2017**

3. ACCOUNTING POLICIES - continued

Taxation

Taxation for the period comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

Notes to the Consolidated Financial Statements - continued
for the Period 1 August 2016 to 31 December 2017

3. ACCOUNTING POLICIES - continued**Financial instruments**

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument.

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

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the conditions for basic financial instruments are subsequently measured at amortised cost using the effective interest method.

Debt instruments that are classified as payable or receivable within one year on initial recognition, and which meet these conditions, are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Financial assets are derecognised when and only when (a) the contractual rights to the cash flows from the financial asset expire or are settled, (b) the group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or (c) the group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Investments and equity instruments

In the parent entity balance sheet, investment in subsidiaries are measured at cost less impairment.

Equity instruments issued by the group are recorded at the fair value of cash or other resources received or receivable net of direct issue costs.

4. EMPLOYEES AND DIRECTORS

	Period 1.8.16 to 31.12.17 £	Year Ended 31.7.16 £
Wages and salaries	3,118,314	1,814,136
Social security costs	83,757	5,962
Other pension costs	22,930	8,152
	<u>3,225,001</u>	<u>1,828,250</u>

Notes to the Consolidated Financial Statements - continued
for the Period 1 August 2016 to 31 December 2017

4. EMPLOYEES AND DIRECTORS - continued

The average number of employees during the period was as follows:

	Period 1.8.16 to 31.12.17	Year Ended 31.7.16
Administrative staff	<u>78</u>	<u>71</u>

	Period 1.8.16 to 31.12.17 £	Year Ended 31.7.16 £
Director's remuneration	<u>10,797</u>	<u>7,328</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
------------------------	----------	----------

5. OPERATING PROFIT

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

	Period 1.8.16 to 31.12.17 £	Year Ended 31.7.16 £
Hire of plant and machinery	11,350	885
Depreciation - owned assets	500,596	258,267
Profit on disposal of fixed assets	(84,273)	(16,232)
Goodwill amortisation	24,501	3,000
Auditors' remuneration	17,150	18,250
Foreign exchange differences	<u>(52)</u>	<u>-</u>

6. EXCEPTIONAL ITEMS

	Period 1.8.16 to 31.12.17 £	Year Ended 31.7.16 £
Exceptional items	<u>677,144</u>	<u>-</u>

Exceptional items of £677,144 relate to £96,362 of proceeds received from insurance claims for a fire that occurred at the TFC Supplies Limited premises during the period. These proceeds received are in relation to business interruption and stock lost in TFC Supplies Limited.

The remainder of £580,782 relates to the profit on disposal of land and buildings affected by the fire in Graham Heath Group Limited where insurance claim proceeds were received at replacement cost, giving rise to a profit on disposal.

Notes to the Consolidated Financial Statements - continued
for the Period 1 August 2016 to 31 December 2017

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	Period 1.8.16 to 31.12.17 £	Year Ended 31.7.16 £
Bank loan interest	<u>106,836</u>	<u>46,429</u>

8. TAXATION

Analysis of the tax charge

The tax charge on the profit for the period was as follows:

	Period 1.8.16 to 31.12.17 £	Year Ended 31.7.16 £
Current tax: UK corporation tax	555,613	11,533
Deferred tax	<u>(87,489)</u>	<u>-</u>
Tax on profit	<u>468,124</u>	<u>11,533</u>

UK corporation tax has been charged at 19%.

Notes to the Consolidated Financial Statements - continued
for the Period 1 August 2016 to 31 December 2017

8. TAXATION - continued**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	Period 1.8.16 to 31.12.17 £	Year Ended 31.7.16 £
Profit before tax	<u>2,507,504</u>	<u>245,434</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2016 - 20%)	476,426	49,087
Effects of:		
Expenses not deductible for tax purposes	388	3,730
Capital allowances in excess of depreciation	-	(31,180)
Utilisation of tax losses	(7,093)	(10,104)
Other timing differences	461	-
Underprovision on deferred tax in prior periods	27,048	-
Change in UK tax rates	7,176	-
Loss on revaluation of investment property	55,000	-
Depreciation on assets not subject to capital allowances	19,631	-
Rollover relief on capital gain	(110,691)	-
Indexation on capital gain	343	-
Unrealised profit adjustment	1,851	-
Deferred tax not provided for	(1,897)	-
Rounding	(519)	-
Total tax charge	<u><u>468,124</u></u>	<u><u>11,533</u></u>

9. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

10. DIVIDENDS

	Period 1.8.16 to 31.12.17 £	Year Ended 31.7.16 £
Ordinary shares of £1 each		
Interim	36,300	-
Redeemable preference shares of £1 each		
Interim	<u>25,000</u>	-
	<u><u>61,300</u></u>	<u><u>-</u></u>

Notes to the Consolidated Financial Statements - continued
for the Period 1 August 2016 to 31 December 2017

11. INTANGIBLE FIXED ASSETS

Group

	Goodwill £
COST	
At 1 August 2016	60,000
Additions	1
	<hr/>
At 31 December 2017	60,001
	<hr/>
AMORTISATION	
At 1 August 2016	35,500
Amortisation for period	24,501
	<hr/>
At 31 December 2017	60,001
	<hr/>
NET BOOK VALUE	
At 31 December 2017	-
	<hr/> <hr/>
At 31 July 2016	24,500
	<hr/> <hr/>

Company

	Goodwill £
COST	
Additions	1
	<hr/>
At 31 December 2017	1
	<hr/>
AMORTISATION	
Amortisation for period	1
	<hr/>
At 31 December 2017	1
	<hr/>
NET BOOK VALUE	
At 31 December 2017	-
	<hr/> <hr/>

Notes to the Consolidated Financial Statements - continued
for the Period 1 August 2016 to 31 December 2017

12. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 August 2016	3,038,358	2,421,286	16,387
Additions	677,474	105,700	48,681
Disposals	(361,558)	(156,671)	-
Reclassification/transfer	-	(71,275)	10,154
At 31 December 2017	3,354,274	2,299,040	75,222
DEPRECIATION			
At 1 August 2016	-	1,020,398	6,847
Charge for period	105,558	282,907	12,211
Eliminated on disposal	-	(66,434)	-
Reclassification/transfer	-	(24,412)	2,260
At 31 December 2017	105,558	1,212,459	21,318
NET BOOK VALUE			
At 31 December 2017	3,248,716	1,086,581	53,904
At 31 July 2016	3,038,358	1,400,888	9,540
	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 August 2016	550,463	2,118	6,028,612
Additions	91,500	27,464	950,819
Disposals	(160,254)	-	(678,483)
Reclassification/transfer	(18,950)	80,071	-
At 31 December 2017	462,759	109,653	6,300,948
DEPRECIATION			
At 1 August 2016	333,595	208	1,361,048
Charge for period	86,608	13,312	500,596
Eliminated on disposal	(138,002)	-	(204,436)
Reclassification/transfer	(9,406)	31,558	-
At 31 December 2017	272,795	45,078	1,657,208
NET BOOK VALUE			
At 31 December 2017	189,964	64,575	4,643,740
At 31 July 2016	216,868	1,910	4,667,564

Notes to the Consolidated Financial Statements - continued
for the Period 1 August 2016 to 31 December 2017

12. TANGIBLE FIXED ASSETS - continued

Company

	Freehold property £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 August 2016	3,038,358	279,048	4,514
Additions	687,216	1,038,566	62,313
Disposals	(361,558)	(77,304)	-
At 31 December 2017	3,364,016	1,240,310	66,827
DEPRECIATION			
At 1 August 2016	-	9,604	1,455
Charge for period	105,558	155,418	11,467
Eliminated on disposal	-	(11,292)	-
At 31 December 2017	105,558	153,730	12,922
NET BOOK VALUE			
At 31 December 2017	3,258,458	1,086,580	53,905
At 31 July 2016	3,038,358	269,444	3,059
	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 August 2016	15,500	-	3,337,420
Additions	233,253	58,384	2,079,732
Disposals	(21,278)	-	(460,140)
At 31 December 2017	227,475	58,384	4,957,012
DEPRECIATION			
At 1 August 2016	-	-	11,059
Charge for period	39,611	10,337	322,391
Eliminated on disposal	(2,099)	-	(13,391)
At 31 December 2017	37,512	10,337	320,059
NET BOOK VALUE			
At 31 December 2017	189,963	48,047	4,636,953
At 31 July 2016	15,500	-	3,326,361

Notes to the Consolidated Financial Statements - continued
for the Period 1 August 2016 to 31 December 2017

13. FIXED ASSET INVESTMENTS**Company**

Shares in
group
undertakings
£

COST

At 1 August 2016

and 31 December 2017

602

NET BOOK VALUE

At 31 December 2017

602

At 31 July 2016

602

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries**Graham Heath Construction Limited**

Registered office: The Creamery, Wrenbury Industrial Estate, 2 Station Road, Wrenbury, Cheshire, CW5 8EX

Nature of business: Agricultural building erection

Class of shares:

Ordinary

%
holding
100.00

Concrete Panel Systems Limited

Registered office: The Creamery, Wrenbury Industrial Estate, 2 Station Road, Wrenbury, Cheshire, CW5 8EX

Nature of business: Manufacture of concrete panels

Class of shares:

Ordinary

%
holding
100.00

Graham Heath Management Services Limited

Registered office: The Creamery, Wrenbury Industrial Estate, Station Road, Wrenbury, Cheshire, CW5 8EX

Nature of business: Provision of management services

Class of shares:

Ordinary

%
holding
100.00

TFC Supplies Limited

Registered office: The Creamery, Wrenbury Industrial Estate, 2 Station Road, Wrenbury, Nantwich, Cheshire, United Kingdom, CW5 8EX

Nature of business: Supply of timber and fencing products

Class of shares:

Ordinary

%
holding
100.00

Notes to the Consolidated Financial Statements - continued
for the Period 1 August 2016 to 31 December 2017

13. FIXED ASSET INVESTMENTS - continued**G H Equestrian Limited**

Registered office: The Creamery, 2 Station Road, Wrenbury, Nantwich, Cheshire, CW5 8EX

Nature of business: Dormant company

	%
Class of shares:	holding
Ordinary	100.00

Kit Framed Buildings Limited

Registered office: The Old Creamery, Station Road, Wrenbury, Nantwich, CW5 8EX

Nature of business: Dormant company

	%
Class of shares:	holding
Ordinary	100.00

Moorfields Investments Limited

Registered office: The Creamery, Wrenbury Industrial Estate, 2 Station Road, Wrenbury, Cheshire, England, CW5 8EX

Nature of business: Dormant company

	%
Class of shares:	holding
Ordinary	100.00

Concrete Products Limited

Registered office: The Creamery, Wrenbury Industrial Estate, 2 Station Road, Wrenbury, Cheshire, CW5 8EX

Nature of business: Dormant company

	%
Class of shares:	holding
Ordinary	100.00

14. INVESTMENT PROPERTY**Group**

	Total £
FAIR VALUE	
At 1 August 2016	2,269,136
Additions	2,720,341
Revaluations	(289,477)
	<hr/>
At 31 December 2017	4,700,000
	<hr/>
NET BOOK VALUE	
At 31 December 2017	4,700,000
	<hr/>
At 31 July 2016	2,269,136
	<hr/>

Notes to the Consolidated Financial Statements - continued
for the Period 1 August 2016 to 31 December 2017

14. INVESTMENT PROPERTY - continued**Group**

Fair value at 31 December 2017 is represented by:

	£
Valuation in 2016	(289,474)
Cost	4,989,474
	<u>4,700,000</u>

If investment property had not been revalued it would have been included at the following historical cost:

	2017	2016
	£	£
Cost	<u>4,989,474</u>	<u>2,269,136</u>

Investment property was valued on an open market basis on 10 November 2016 by Sanderson Weatherall.

Company

	Total £
FAIR VALUE	
At 1 August 2016	2,269,136
Additions	2,720,341
Revaluations	(289,477)
	<u>4,700,000</u>
At 31 December 2017	
NET BOOK VALUE	
At 31 December 2017	<u>4,700,000</u>
At 31 July 2016	<u>2,269,136</u>

Fair value at 31 December 2017 is represented by:

	£
Valuation in 2016	(289,474)
Cost	4,989,474
	<u>4,700,000</u>

If investment property had not been revalued it would have been included at the following historical cost:

	2017	2016
	£	£
Cost	<u>4,989,474</u>	<u>2,269,136</u>

Investment property was valued on an open market basis on 10 November 2016 by Sanderson Weatherall.

Notes to the Consolidated Financial Statements - continued
for the Period 1 August 2016 to 31 December 2017

15. STOCKS

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Raw materials	411,453	190,883	-	75,000
Work-in-progress	13,887	167,799	-	-
Finished goods	235,708	175,269	-	-
	<u>661,048</u>	<u>533,951</u>	<u>-</u>	<u>75,000</u>

Stock recognised in cost of sales during the year as an expenses was £10,219,892.

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	1,206,527	1,071,724	126,471	23,090
Provision for credit notes	(30,075)	(13,254)	-	-
Provision for doubtful debts	(16,059)	(26,263)	-	-
Amounts owed by group undertakings	-	-	393,516	128,807
Other debtors	218,460	650	191,405	-
VAT	-	-	-	53,609
Prepayments and accrued income	57,974	89,880	-	-
Prepayments	52,920	17,902	12,743	13,097
	<u>1,489,747</u>	<u>1,140,639</u>	<u>724,135</u>	<u>218,603</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Bank loans and overdrafts (see note 19)	233,332	87,345	318,755	87,345
Trade creditors	780,145	875,158	19,242	22,436
Amounts owed to group undertakings	-	-	1,260,267	89,161
Tax	555,613	11,533	140,325	-
Social security and other taxes	80,448	75,176	-	-
VAT	119,100	127,824	18,972	-
Other creditors	83,447	70,387	4,590	50,000
Directors' current accounts	125,373	1,571,678	125,373	1,571,678
Accruals and deferred income	459,725	223,428	-	-
Accrued expenses	215,539	718,298	169,339	178,831
	<u>2,652,722</u>	<u>3,760,827</u>	<u>2,056,863</u>	<u>1,999,451</u>

Notes to the Consolidated Financial Statements - continued
for the Period 1 August 2016 to 31 December 2017

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Bank loans (see note 19)	2,883,559	1,267,342	2,883,559	1,267,342
Other loans (see note 19)	300,000	300,000	-	-
Other creditors	-	50,000	-	-
	<u>3,183,559</u>	<u>1,617,342</u>	<u>2,883,559</u>	<u>1,267,342</u>

19. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	-	-	85,423	-
Bank loans	233,332	87,345	233,332	87,345
	<u>233,332</u>	<u>87,345</u>	<u>318,755</u>	<u>87,345</u>
Amounts falling due between one and two years:				
Bank loans - 1-2 years	233,332	1,267,342	233,332	1,267,342
Other loans - 1-2 years	300,000	300,000	-	-
	<u>533,332</u>	<u>1,567,342</u>	<u>233,332</u>	<u>1,267,342</u>
Amounts falling due between two and five years:				
Bank loans - 2-5 years	699,997	-	699,997	-
Amounts falling due in more than five years:				
Repayable by instalments				
Bank loans more 5 yr by instal	1,950,230	-	1,950,230	-
	<u>1,950,230</u>	<u>-</u>	<u>1,950,230</u>	<u>-</u>

20. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Non-cancellable operating leases	
	2017	2016
	£	£
Within one year	33,363	40,036
Between one and five years	-	50,045
	<u>33,363</u>	<u>90,081</u>

Notes to the Consolidated Financial Statements - continued
for the Period 1 August 2016 to 31 December 2017

21. SECURED DEBTS

The following secured debts are included within creditors:

	Group	
	2017	2016
	£	£
Bank loans	3,116,891	1,354,687
Directors loan account	64,073	1,571,678
	<u>3,180,964</u>	<u>2,926,365</u>

Amounts owed to Mr G J T Heath are secured by way of a debenture dated 17 March 2014 incorporating fixed and floating charges over the land, assets, goodwill and undertakings of Graham Heath Group Limited.

Bank loans and overdrafts are secured by all asset debentures over the group and company dated 29 November 2016 and 29 October 2014.

Bank loans and overdrafts are also secured by legal charges over Moorfields Industrial Estate, Cotes Heath, Stone, Staffordshire, ST21 6QY dated 1 December 2014, The Creamery, Station Road, Wrenbury, Cheshire, CW5 8EX dated 30 November 2016 and Hanchurch Crossroads, Whitmore Road, Newcastle under Lyme, ST5 4DG dated 30 November 2016.

22. PROVISIONS FOR LIABILITIES

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Deferred tax	<u>95,400</u>	<u>182,889</u>	<u>95,400</u>	<u>-</u>
Group				
				Deferred tax
				£
Balance at 1 August 2016				182,889
Credit to Income Statement during period				<u>(87,489)</u>
Balance at 31 December 2017				<u>95,400</u>
Company				
				Deferred tax
				£
Credit to Statement of Comprehensive Income during period				<u>95,400</u>
Balance at 31 December 2017				<u>95,400</u>

Movements in deferred tax are in relation to accelerated capital allowances.

Notes to the Consolidated Financial Statements - continued
for the Period 1 August 2016 to 31 December 2017

23. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2017	2016
Number:	Class:		£	£
3	Ordinary	£1	3	3
2,500,000	Redeemable preference	£1	2,500,000	2,500,000
			<u>2,500,003</u>	<u>2,500,003</u>

24. RESERVES

Group

	Retained earnings £
At 1 August 2016	1,105,473
Profit for the period	2,039,380
Dividends	(61,300)
At 31 December 2017	<u>3,083,553</u>

Company

	Retained earnings £
At 1 August 2016	192,194
Profit for the period	2,395,275
Dividends	(61,300)
At 31 December 2017	<u>2,526,169</u>

Retained earnings are made up of accumulated profits less accumulated losses and distributions to shareholders.

25. CONTINGENT LIABILITIES

The company and group has previously made payments into the Graham Heath Construction Limited Remuneration Trust. The company is liable for PAYE and NIC that may arise on awards made by the trustees.

No amounts have currently been paid in relation to the above contingency. HMRC have issued a proposed settlement of £3,729,926, however this has been challenged and the group are awaiting a response from HMRC.

Notes to the Consolidated Financial Statements - continued
for the Period 1 August 2016 to 31 December 2017

26. RELATED PARTY DISCLOSURES

Loans from related parties

During the year, amounts were loaned from related parties totalling £1,750 (2016 - £nil). As at the period end, £1,750 (2016 - £nil) is due to the company from these related parties.

The loans were interest free, unsecured and repayable on demand.

During the period, a total of key management personnel compensation of £287,867 was paid.

27. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is G J T Heath.