

**F M Conway Limited**

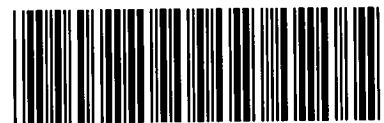
Report and Financial Statements

Year Ended

31 March 2018

Company Number 00706445

FRIDAY



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28/09/2018  
COMPANIES HOUSE

# F M Conway Limited

## Company Information

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<b>Directors</b>	M J Conway K Conway D T Donnelly A S Hansen R J Woodland J W Forecast J Garwood C Webster T J Metcalf
<b>Registered number</b>	00706445
<b>Registered office</b>	Conway House Vestry Road Sevenoaks Kent TN14 5EL
<b>Independent auditor</b>	BDO LLP 31 Chertsey Street Guildford Surrey GU1 4HD

# F M Conway Limited

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# F M Conway Limited

## Group strategic report For the year ended 31 March 2018

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### Introduction

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

### Principal activities

The Group is a leading infrastructure services Group delivering vital services in transportation, the built environment and open spaces for communities and business. Through its self delivery model, and combining its in house professional services team with front line operational excellence, we inspect, design, build, produce, enhance and maintain essential infrastructure services for the community.

### Results

Turnover for the 12 months to 31st March was up 17.8% at £297.4 million (2016/17 £252.5 million); operating profit before goodwill and intangible amortisation was £22.07 million (2016/17 £26.72 million); operating profit after goodwill and intangible amortisation £14.10 million (2016/17 £24.73 million), and pre-tax profit £12.2 million (2016/17 £23.5 million). Included in the results are disruption costs of nearly £1 million from the inclement weather in February and March, and a charge of £400K for restructuring costs. We have also taken a prudent view on the valuation of work in progress where there are on-going negotiations around final account settlements and where additional costs have to be incurred. We still expect to reach settlements of these claims, which will be accounted for when received.

Cash flow of £33.1 million from operating activities was ahead of expectations and is at a similar level to last year. Cash generation was better than expected due to timing of expenditure on plant and equipment and early settlement by clients. Net cash flow was breakeven after the investment in Toppesfield Limited. Outstanding debt (net of cash balances) was £56.48 million, with facilities of £81.75 million available to the Group. In addition, there are outstanding HP commitments of £25.23 million.

Cash at bank is at a similar level to the previous year at £15.27 million. Net assets increased from £75 million to £80 million, reflecting the increase in retained earnings. Tangible assets include property assets with a net book value of £44 million. These properties were valued by CBRE in October 2017, and now have a market value of £81.2 million, an uplift in value of £37.2 million, which is not shown in the accounts.

### Investment in Toppesfield

In September 2017, the Group took a minority stake in Toppesfield Ltd, a leading surfacing contractor. This partnership will greatly benefit the Group's ongoing expansion in its aggregates and asphalt business, as well as providing significantly more confidence in Toppesfield's supply chain.

Toppesfield's national reach and capacity complements our strong client base in surfacing, term maintenance, civil engineering and consultancy across London and the south of England, as well as our ongoing investment in our materials business.

### Group Strategy

The Group's strategy is to grow its business through organic growth and where suitable acquisitions are identified, they will be considered if they will enhance the offering to its clients, and are available at attractive prices. Most of the Group's revenues are generated from long term contracts with public authorities. These contracts typically run between 5 and 8 years with some having the option to extend for a further 2 to 4 years. These contracts provide the Group with the visibility to invest in long term assets to deliver vital services to its clients.

The Group's business model is around self-delivery to be able to control the quality and service to its clients. By focusing on self-delivery, the Group aims to provide its clients with a competitive offering.

# F M Conway Limited

Group strategic report (continued)  
For the year ended 31 March 2018

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## Management of risks

### *Financial monitoring*

The Group's financial performance is measured against annual budgets and rolling three-month forecasts. The operational performance of the divisions is also monitored against budgets and key performance indicators ("KPIs").

The Group uses KPI's extensively to measure operating and financial performance. Financial KPI's include, inter alia, operating cash flow expressed as a percentage of EBITDA and operating profit margins as a percentage of turnover. Work in progress and outstanding debts are measured by time and reported on weekly and monthly.

Operating KPI's include fleet utilisation which measures the operating levels of the HGV fleet of vehicles, yield measures which include the metric cubes of concrete delivered per truck per day and tonnes of asphalt produced per day. Vehicles off road ("VOR") looks at the reasons why vehicles are off the road and plant utilisation to minimise the hiring in of external plant.

### Financial Instruments

#### *Market Risk*

Market risk arises from the Group's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

#### *Cash Flow Interest Rate Risk*

The Group is exposed to cash flow interest rate risk from long term borrowings at variable rates. It is currently group policy that interest rates are fixed for up to 12 months. Beyond this time frame, long term rates remain under constant review. HP borrowings are at variable rate but can be fixed should rates start to move upwards. The Board accepts that this policy neither protects the Group entirely from the risk of paying rates more than current market rates nor eliminates fully cash flow risk associated with variable interest payments, it considers that it achieves an appropriate balance of exposure to these risks. During the year under review, the Group's borrowings at variable rate were entirely denominated in Sterling.

#### *Foreign exchange Risk*

Foreign exchange risk arises when the Group enters into transactions denominated in a currency other than Sterling. The Group policy is to hedge the exchange rate at the time a contractual commitment is in place. The Group is predominately exposed to purchases in euros and dollars.

#### *Credit Risk*

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The Group is primarily exposed to credit risk from credit sales. It is Group policy that for all new customers they are reviewed for creditworthiness. Purchase limits are established, which represents the maximum credit limit offered. Customers credit limits are monitored through the services of an external credit agency which provides alerts to changes in financial circumstances. The Group also carries credit insurance for its asphalt customers. Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. Cash and cash deposits are held by the Group's bank lending group. Financial instruments are only entered with financial institutions with a credit rating A or higher.

#### *Liquidity Risk*

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

# F M Conway Limited

Group strategic report (continued)  
For the year ended 31 March 2018

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## Financial Instruments (continued)

### *Liquidity Risk (continued)*

The Board receives rolling 12-month cash flow projections on a monthly basis as well as information regarding cash balances. At the end of the financial year, these projections indicated that the Group was expected to have sufficient resources to meet its obligations.

### *Tax*

F M Conway's tax strategy is published on its web site: [www.fmconway.co.uk](http://www.fmconway.co.uk). Its tax strategy is underpinned by the following key principles:

- To comply with all applicable tax laws, rules and regulations;
- To manage its tax affairs with the utmost care and professionalism; always ensuring there is a strong tax governance framework in place;
- To adopt an open and transparent approach to dealing with tax authorities seeking to resolve issues in a constructive and cooperative manner; and
- To avoid aggressive tax planning or participation in artificial tax avoidance schemes.

### *Competitive environment*

The Group operates in a competitive environment where its competitors can often be large multinational companies. On some contracts the Group will act as a sub-contractor to these competitors, bringing its own unique skills and resources. The Group has excellent relationships with all of its key customers, which is demonstrated by the high level of repeat business. Credit checks are carried out on all of its customers using an external credit reference agency. All outstanding balances are monitored against agreed credit limits.

## Health and Safety

Health, safety and the wellbeing of everyone is paramount, particularly staff involved in technically demanding projects; often in high density traffic areas. The Group's 'People First' strategy gives our operatives, drivers and everyone else in the business the tools they need to protect their health, safety and wellbeing, and the health, safety and wellbeing of their co-workers and the general public. Our 'People First' approach has yielded some very positive outcomes in recent years.

The Group received 5 awards in 2017: most notably, Mineral Products Association awarded the Group the John Crabbe Trophy for overall outstanding excellence in health and safety, and a MPA special awards for the reduction of fumes and particulates from the manufacture and loading of Asphalt. The Group was also awarded the Transport for London Suppliers Awards for the best safety initiative.

## Supply Chain Management

The Group aims to work closely with its preferred suppliers and subcontractors who undergo a risk-based prequalification process. It aims to avoid becoming over-reliant on any one supplier or subcontractor. A strong supply chain is important for the successful delivery of projects to time and cost. Those suppliers meeting our criteria are invited to bid for work; and through a collaborative partnership we encourage cooperation and innovation to drive best value solutions for our clients.

## IT Systems

The IT department have been focusing on improving cyber defences to secure the Group against this increased risk. The Group obtained "Cyber Essentials" accreditation, this is a government cyber defence standard which is important for all central and local government suppliers to have.

# F M Conway Limited

Group strategic report (continued)  
For the year ended 31 March 2018

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## **Our Great People**

We continue to strive to be an employer of choice. Our strategic people initiatives underpin our stated goal to ensure our great people can deliver great work.

### **Attracting new great people**

We have invested in a resourcing management system, and expanded our resourcing team to ensure that we can maximise opportunities to attract great people to our team.

We held our first Conway week of work experience during the year, which was a structured activity for young people considering careers in our sector. Our pilot group worked on their team building, customer focus and technical construction skills. They attended information sessions on careers within construction, as well as gaining an opportunity to spend time with their chosen specialist team at the end of the week. They also completed a basic first aid training qualification. Capitalising on the success of this trial, we have planned three further weeks, including a week dedicated to young women wishing to find out more about our Group and our sector. We have continued to expand our apprenticeship programme, and now have apprentices across a wide range of disciplines in our business. We continue to see investment in this programme – expanding our enrichment activities and working with our clients to share opportunities for talented young people. We had 16 young people graduate from our programme this year; all of whom went on to take-up employment opportunities with the Group.

Members of our first group of sponsored undergraduates finish participation in our Inspire programme this year. This programme provides opportunities for extensive paid work experience for those studying related degrees. We are delighted that we will be welcoming some of this group to join the business as employees this year.

### **Developing our great people**

We are focused on ensuring that all members of our team are equipped with the right tools and resources to make a great contribution to the business. Our Supervisors Development programme has begun to provide the technical, behavioural and vocational skills they will need to be successful in their roles. We plan to roll out a similar programme for more senior managers and leaders within the business next year. We have extended our succession management activity – planning for our future goals by identifying early in career talent, as well as those of our team with great potential to contribute further to our business.

### **Recognising our great people**

We have benchmarked across the business, introducing new initiatives to ensure we can reward our teams appropriately. We have also extended our recognition activities to include commendation for innovation and contribution to team work. The next year will bring more opportunities for us to ensure we can reward the members of our team effectively.

# F M Conway Limited

Group strategic report (continued)  
For the year ended 31 March 2018

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## Including our great people

We have launched a revised communications strategy with our teams and this has included encouraging two-way engagement. Our revamped tool box talk initiative prompts feedback on our activities and we have been optimising the involvement and inclusion of our team members through employee forums, project work and action learning opportunities.

We have introduced "the big idea" scheme to ensure that people have the opportunity to be rewarded for their great ideas and innovations.

We have implemented our Fairness, Inclusion and Respect (FIR) action plan; this has included training, providing work placements; the most successful of which has emanated from connections with Mencap. Under the FIR agenda we have focused on increasing the number of women in our business, - as well as promoting senior opportunities for women. We are delighted that over the course of the past year, we have welcomed the appointment of three women Directors; two of whom have been promoted from our existing pool of talented people and a third recruited as part of our programme to attract talented people to our business. Our women in construction initiatives have included the commencement of a return-ship programme, the expansion of flexible working arrangements and the continued promotion of opportunity and offer of work trials for those people who may not otherwise have considered careers in our business.

The Group's policy in relation to disabled people continues to be to offer the same opportunities as to all others in respect of recruitment and career advancement.

## Local Community

The Group has a Corporate Social Responsibility programme. Investments in local sport initiatives to establish relationships to promote career pathways and raise the profile of our company and the construction industry. Employee representatives have contributed to educational events organised by Construction Youth Trust, London Construction Academy and Street Soccer School.

Participation by Group employees is actively encouraged and this year they have supported many events including the Lord Mayor's New Years' Day Parade, St Patrick's Day Parade and the Annual Cart Marking event organised by the Worshipful Company of Carmen.

To ensure the Group delivers real benefit to local people it has engaged the services of an independent assessor to produce a "Social Return on Investment" (SROI) report which is published on the company's website. The social return on investment is estimated to be in excess of £4 Million.

## Charitable Donations

The Group runs a charitable foundation for the benefit of deserving causes. Employees are actively encouraged to select charities to receive funds and participate in fundraising events. One of the largest donations is from our "Near Miss Campaign" to "The Lighthouse Club", the construction industry charity.

# F M Conway Limited

Group strategic report (continued)  
For the year ended 31 March 2018

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## General Data Protection Regulation

The General Data Protection Regulation (known as GDPR) came into force on the 25th May 2018. It requires immediate compliance to the EU directive through delivery of robust controls for the management and protection of data. The directive brings up to date and enhances existing data protection regulations. GDPR provides new rights for individuals around the management and protection of their personal data; and it improves corporate governance by ensuring personal data is managed, retained and deleted with adequate care and attention.

The Group established a steering committee in 2017 to assess and manage the position to ensure governance measures were in place before the deadline. A gap analysis was undertaken to ensure there was a clear understanding of the existing position, and to highlight requirements in organisational and technological measures to deliver compliance. Significant adjustments and improvements have been made to process, policy and awareness of the requirements to ensure compliance.

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

Director

  
M J CONWAY

Date: 10/9/2018

# F M Conway Limited

## Directors' report For the year ended 31 March 2018

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The directors present their report and the financial statements for the year ended 31 March 2018.

### Results and dividends

The profit for the year, after taxation, amounted to £7,560,208 (2017 - £17,880,509).

Dividends of £250 (2017 - £325) per share were paid to ordinary shareholders during the year. The directors recommend the payment of a final dividend of £150 (2017 - £Nil) per share.

Group turnover was £297.4 million (2017 - £252.5 million) and pre tax profit of £12.2 million (2017 - £23.5 million).

### Directors

The directors who served during the year were:

M J Conway  
K Conway  
D T Donnelly  
A S Hansen  
R J Woodland  
J W Forecast  
J Garwood  
C Webster  
T J Metcalf

### Future developments

The future developments of the company and group are laid out in the strategic report.

### Employee involvement

Information in respect of employees is given in the strategic report.

### Financial Instruments

Information regarding financial instruments is given in the strategic report.

### Disclosure of information to auditor

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

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

### Post balance sheet events

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

# F M Conway Limited

Directors' report (continued)  
For the year ended 31 March 2018

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## Auditor

The auditor, BDO 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.

Director  
M J CONWAY

Date: 10/9/2018

# **F M Conway Limited**

## **Directors' responsibilities statement For the year ended 31 March 2018**

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The directors are responsible for preparing the group strategic report, the directors' report and the consolidated financial statements in accordance with applicable law and regulations.

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

# F M Conway Limited

## Independent Auditor's report to the members of F M Conway Limited

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### Opinion

We have audited the financial statements of F M Conway Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 March 2018 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### Conclusions relating to going concern

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

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

# F M Conway Limited

## Independent Auditor's report to the members of F M Conway Limited (continued)

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### Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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

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

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report.

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

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

### Responsibilities of directors

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

# F M Conway Limited

## Independent Auditor's report to the members of F M Conway Limited (continued)

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

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

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

### Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*BDO LLP*

Kevin Cook (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Guildford  
United Kingdom

*27/09/2018*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# F M Conway Limited

## Consolidated statement of comprehensive income For the year ended 31 March 2018

	Note	2018 £	2017 £
<b>Turnover</b>			
Group and share of joint venture's turnover		329,059,312	290,234,459
Less: share of joint venture's turnover		(31,651,152)	(37,778,703)
<b>Group turnover</b>	4	<u>297,408,160</u>	<u>252,455,756</u>
Cost of sales		(261,433,634)	(210,975,902)
<b>Gross profit</b>		<u>35,974,526</u>	<u>41,479,854</u>
Administrative expenses		(22,257,899)	(17,075,830)
Other operating income	5	382,855	325,179
<hr/>			
Group operating profit before amortisation		22,074,610	26,719,686
Amortisation		(7,975,128)	(1,990,665)
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<b>Operating profit</b>	6	14,099,482	24,729,203
Share of profit of joint venture		186,920	310,206
Share of profit of associates		547,472	-
<hr/>			
<b>Total operating profit</b>		14,833,874	25,039,409
Interest receivable and similar income	11	6,853	17,896
Interest payable and expenses	12	(2,656,819)	(1,594,069)
<hr/>			
<b>Profit before taxation</b>		12,183,908	23,463,236
Tax on profit	13	(4,623,699)	(5,582,727)
<hr/>			
<b>Profit for the financial year</b>		<u>7,560,208</u>	<u>17,880,509</u>
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<b>Profit for the year attributable to:</b>			
Owners of the Parent Company		7,560,208	17,880,509
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		<u>7,560,208</u>	<u>17,880,509</u>
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All amounts relate to continuing activities.

There was no other comprehensive income for 2018 (2017:£NIL).

The notes on pages 21 to 44 form part of these financial statements.

**F M Conway Limited**  
Registered number: 00706445

**Consolidated balance sheet**  
As at 31 March 2018

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Intangible assets	15	54,813,620	62,694,708
Tangible assets	16	97,516,310	97,104,849
Investments	17	12,392,250	562,049
		<u>164,722,180</u>	<u>160,361,606</u>
<b>Current assets</b>			
Stocks	18	6,271,855	5,483,691
Debtors: amounts falling due within one year	19	69,655,769	75,289,943
Cash and cash equivalents	20	15,266,683	15,214,162
		<u>91,194,307</u>	<u>95,987,796</u>
Creditors: amounts falling due within one year	21	(85,302,517)	(84,057,383)
<b>Net current assets</b>		<u>5,891,790</u>	11,930,413
<b>Total assets less current liabilities</b>		<u>170,613,970</u>	<u>172,292,019</u>
Creditors: amounts falling due after more than one year	22	(83,296,595)	(89,909,387)
<b>Provisions for liabilities</b>			
Deferred taxation	24	(7,296,109)	(7,421,574)
<b>Net assets</b>		<u><u>80,021,266</u></u>	<u><u>74,961,058</u></u>
<b>Capital and reserves</b>			
Called up share capital	25	10,000	10,000
Revaluation reserve	26	3,996,840	3,996,840
Profit and loss account	26	76,014,426	70,954,218
		<u><u>80,021,266</u></u>	<u><u>74,961,058</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on  
10/9/2018

Director

M J CONWAY

The notes on pages 21 to 43 form part of these financial statements.

**F M Conway Limited**  
Registered number: 00706445

**Company balance sheet**  
**As at 31 March 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Intangible assets	15	55,403,553	63,284,640
Tangible assets	16	97,516,310	97,104,849
Investments	17	11,684,431	251,301
		<u>164,604,294</u>	<u>160,640,790</u>
<b>Current assets</b>			
Stocks	18	6,271,855	5,483,691
Debtors: amounts falling due within one year	19	69,655,769	75,289,943
Cash and cash equivalents	20	15,266,683	15,214,162
		<u>91,194,307</u>	<u>95,987,796</u>
Creditors: amounts falling due within one year	21	<u>(85,553,818)</u>	<u>(84,308,683)</u>
<b>Net current assets</b>		<b>5,640,489</b>	<b>11,679,113</b>
<b>Total assets less current liabilities</b>		<b><u>170,244,783</u></b>	<b><u>172,319,903</u></b>
Creditors: amounts falling due after more than one year	22	(83,296,595)	(89,909,387)
<b>Provisions for liabilities</b>			
Deferred taxation	24	(7,296,109)	(7,421,574)
<b>Net assets</b>		<b><u><u>79,652,079</u></u></b>	<b><u><u>74,988,942</u></u></b>

**F M Conway Limited**  
Registered number: 00706445

**Company balance sheet (continued)**  
As at 31 March 2018

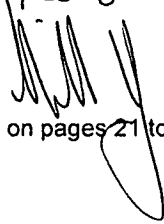
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	Note	31 March 2018 £	31 March 2017 £
<b>Capital and reserves</b>			
Called up share capital	25	10,000	10,000
Revaluation reserve	26	3,996,840	3,996,840
Profit and loss account carried forward		75,645,239	70,982,102
		<u>79,652,079</u>	<u>74,988,942</u>

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit for the financial year, after taxation, in the financial statements of the Company was £7,163,137 (2017: £18,255,036).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10/9/2018

Director



M J CONWAY

The notes on pages 21 to 43 form part of these financial statements.

## F M Conway Limited

### Consolidated statement of changes in equity For the year ended 31 March 2018

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2017	10,000	3,996,840	70,954,218	74,961,058
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	7,560,208	7,560,208
<b>Total comprehensive income for the year</b>	-	-	7,560,208	7,560,208
<b>Contributions by and distributions to owners</b>				
Dividends: Equity capital	-	-	(2,500,000)	(2,500,000)
<b>Total transactions with owners</b>	-	-	(2,500,000)	(2,500,000)
<b>At 31 March 2018</b>	<b>10,000</b>	<b>3,996,840</b>	<b>76,014,426</b>	<b>80,021,266</b>

### Consolidated statement of changes in equity For the year ended 31 March 2017

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2016	10,000	3,996,840	56,323,709	60,330,549
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	17,880,509	17,880,509
<b>Total comprehensive income for the year</b>	-	-	17,880,509	17,880,509
<b>Contributions by and distributions to owners</b>				
Dividends: Equity capital	-	-	(3,250,000)	(3,250,000)
<b>Total transactions with owners</b>	-	-	(3,250,000)	(3,250,000)
<b>At 31 March 2017</b>	<b>10,000</b>	<b>3,996,840</b>	<b>70,954,218</b>	<b>74,961,058</b>

The notes on pages 21 to 43 form part of these financial statements.

## F M Conway Limited

### Company statement of changes in equity For the year ended 31 March 2018

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2017	10,000	3,996,840	70,982,102	74,988,942
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	7,163,137	7,163,137
<b>Total comprehensive income for the year</b>	-	-	7,163,137	7,163,137
<b>Contributions by and distributions to owners</b>				
Dividends: Equity capital	-	-	(2,500,000)	(2,500,000)
<b>Total transactions with owners</b>	-	-	(2,500,000)	(2,500,000)
<b>At 31 March 2018</b>	<b>10,000</b>	<b>3,996,840</b>	<b>75,645,239</b>	<b>79,652,079</b>

### Company statement of changes in equity For the year ended 31 March 2017

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2016	10,000	3,996,840	55,977,066	59,983,906
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	18,255,036	18,255,036
<b>Total comprehensive income for the year</b>	-	-	18,255,036	18,255,036
<b>Contributions by and distributions to owners</b>				
Dividends: Equity capital	-	-	(3,250,000)	(3,250,000)
<b>Total transactions with owners</b>	-	-	(3,250,000)	(3,250,000)
<b>At 31 March 2017</b>	<b>10,000</b>	<b>3,996,840</b>	<b>70,982,102</b>	<b>74,988,942</b>

The notes on pages 21 to 43 form part of these financial statements.

# F M Conway Limited

## Consolidated statement of cash flows For the year ended 31 March 2018

	2018	2017
	£	£
<b>Cash flows from operating activities</b>		
Profit for the financial year	7,560,208	17,880,509
<b>Adjustments for:</b>		
Taxation charge	4,623,700	5,582,727
Interest payable	2,656,819	1,594,069
Interest receivable	(6,853)	(17,896)
Share of operating (loss) in joint ventures	(186,920)	(310,206)
(Decrease)/increase in provisions	(547,472)	-
Loss on disposal of tangible assets	39,013	133,047
Depreciation of tangible assets	10,859,375	9,532,132
Amortisation of intangible assets	7,975,128	1,990,665
(Increase) in stocks	(788,163)	(1,107,048)
Decrease/(increase) in debtors	6,852,006	(5,615,469)
(Decrease)/increase in creditors	(978,089)	8,202,210
Net fair value losses/(gains) recognised in P&L	-	(760,408)
Corporation tax (paid)	(4,926,006)	(4,973,236)
<b>Net cash generated from operating activities</b>	<b>33,132,746</b>	<b>32,131,096</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of tangible fixed assets	1,081,635	741,972
Purchase of tangible fixed assets	(3,811,037)	(6,110,325)
Purchase of intangible fixed assets	(94,040)	-
Purchase of subsidiary undertakings	-	(76,071,801)
Cash paid for purchase of associate investment	(11,433,130)	-
Cash acquired on acquisition of subsidiaries	-	12,542,929
Interest received	6,853	17,896
Movement in directors loan account	(3,749,203)	(3,313,783)
Dividends received from Toppesfield	111,740	-
HP interest paid	(532,108)	(522,680)
<b>Net cash from investing activities</b>	<b>(18,419,290)</b>	<b>(72,715,792)</b>

## F M Conway Limited

### Consolidated statement of cash flows (continued) For the year ended 31 March 2018

	2018	2017
	£	£
<b>Cash flows from financing activities</b>		
New secured loans	-	80,000,000
Capital element of finance leases repaid	(9,387,603)	(8,657,192)
Repayment of bank borrowings	(3,250,000)	(22,180,000)
Interest paid	(2,023,332)	(1,032,915)
<b>Net cash used in financing activities</b>	<u>(14,660,935)</u>	<u>48,129,893</u>
<b>Net increase in cash and cash equivalents</b>	<b>52,521</b>	<b>7,545,197</b>
Cash and cash equivalents at beginning of year	15,214,162	7,668,965
<b>Cash and cash equivalents at the end of year</b>	<u><b>15,266,683</b></u>	<u>15,214,162</u>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	15,266,683	15,214,162
	<u><b>15,266,683</b></u>	<u>15,214,162</u>

The notes on pages 21 to 43 form part of these financial statements.

# F M Conway Limited

## Notes to the financial statements For the year ended 31 March 2018

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### 1. General information

F M Conway Limited is a private company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the company information page and the nature of the Company's operations and its principal activities are set out in the strategic report.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Group's financial statements are presented in sterling, being the currency of the primary economic environment in which it operations ("the functional currency").

The following principal accounting policies have been applied:

#### 2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

#### 2.3 Going concern

In determining the appropriate basis of preparation for the financial statements the directors confirm that the Group and Parent Company can continue in operational existence for the next 12 months at a minimum.

# F M Conway Limited

## Notes to the financial statements For the year ended 31 March 2018

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### 2. Accounting policies (continued)

#### 2.4 Associates and joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

In the financial statements of the Parent Company, interests in joint ventures and associates are accounted for as fixed asset investments, and carried at cost less any provision for impairment.

In the financial statements of the Group, interests in joint ventures and associates are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investor's share of the profit or loss, other comprehensive income and equity of the associate, or joint venture. The consolidated statement of comprehensive income includes the group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the group. In the consolidated balance sheet, the interests in associated undertakings and joint ventures are shown as the group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

#### 2.5 Turnover

Revenue arises from the performance of construction contracts and asphalt sales. Revenue from asphalt sales is recognised at the point of dispatch from the Asphalt Plants along with the corresponding cost of sales. Where revenue arises from the outcome of construction contracts and the construction contract can be estimated reliably and it is probable that the contract will be profitable, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. Stage of completion is assessed by reference to the proportion of the contract costs incurred for the work performed to date relative to the estimated total costs, except where this would not be representative of the stage of completion. The attributable profit is recognised in the consolidated statement of comprehensive income as the difference between the reported turnover and related costs for that contract.

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

Variations and claims are included in revenue where it is considered probable that the amount, which can be measured reliably, will be recovered from the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is considered likely those costs will be recoverable.

Contract costs are recognised as expenses in the period in which they are incurred.

# F M Conway Limited

## Notes to the financial statements For the year ended 31 March 2018

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### 2. Accounting policies (continued)

#### 2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The recycling facilities have been transitioned at 'deemed cost' on the adoption of FRS 102.

Repairs and maintenance are charged to comprehensive income during the period in which they are incurred.

Freehold land is not depreciated. No depreciation is charged on assets under construction for own use until they have been completed, at which point the cost is transferred to the relevant fixed asset category and depreciated in line with that categories policy. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using either the straight-line or reducing balance method. Details of the estimated useful lives of the assets and depreciation rates used are as follows:

Freehold buildings, including recycling facilities	-	2% on cost on a straight line basis
Plant and machinery	-	20% reducing balance and 7 or 15 year straight line
Motor vehicles	-	20% reducing balance and 7 year straight line
Technology, fixtures and fittings	-	15% reducing balance and 20% or 33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within either 'cost of sales' or 'administrative expense' in the consolidated statement of comprehensive income, depending on the use of the asset.

#### 2.7 Intangible assets

##### Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the consolidated statement of comprehensive income over its useful economic life of 7 - 10 years.

##### Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Other intangible assets are amortised on a straight line basis to the consolidated statement of comprehensive income over their useful economic lives of 7 -10 years.

# F M Conway Limited

## Notes to the financial statements For the year ended 31 March 2018

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### 2. Accounting policies (continued)

#### 2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

#### 2.9 Stocks

Stocks are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Cost is based on the average cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the consolidated statement of comprehensive income.

#### 2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### 2.11 Amounts recoverable on contracts

Construction work in progress, being either accrued or deferred income is stated at cost plus profit recognised to date less a provision for foreseeable losses and less amounts invoiced and is included in amounts recoverable on long term contracts. Costs include all expenditure related directly to specific projects and an appropriate allocation of fixed and variable overheads incurred in the Group's contracting activities based on normal operating capacity.

#### 2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

#### 2.13 Financial instruments

##### *Financial assets*

Financial assets, other than investments, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

##### *Financial liabilities and equity*

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Derivatives are initially measured at transaction price (including transaction costs) and subsequently held at fair value.

# F M Conway Limited

## Notes to the financial statements For the year ended 31 March 2018

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### 2. Accounting policies (continued)

#### 2.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### 2.15 Foreign currency translation

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are recognised in the consolidated statement of comprehensive income.

#### 2.16 Finance costs

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

#### 2.17 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders.

#### 2.18 Leased assets: the Group as lessee

Where assets are financed by hire purchase or other leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the consolidated statement of comprehensive income over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the consolidated statement of comprehensive income on a straight-line basis over the term of the lease.

#### 2.19 Pensions

Contributions to the company's defined contribution pension scheme are charged to the consolidated statement of comprehensive income in the year in which they become payable.

#### 2.20 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

# F M Conway Limited

## Notes to the financial statements For the year ended 31 March 2018

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### 2. Accounting policies (continued)

#### 2.21 Interest income

Interest income is recognised in the consolidated statement of comprehensive income using the effective interest method.

#### 2.22 Borrowing costs

All borrowing costs are recognised in the consolidated statement of comprehensive income in the year in which they are incurred.

#### 2.23 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

# F M Conway Limited

## Notes to the financial statements For the year ended 31 March 2018

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

In preparing these financial statements, the directors have made the following significant judgements:

- Determine whether leases entered into by the Company either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the Company's tangible and intangible fixed assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash generating unit, the viability and expected future performance of that unit.
- In determining whether investments are accounted for as subsidiaries, joint ventures or associates, factors taken into account are the number of shares held, any appointments on the Board of Directors, voting rights and legal agreements in place. Where these factors are considered to give control, the investment is accounted for as a subsidiary.

Other key sources of estimation uncertainty:

- *Stage of completion on long term contracts (Note 4)*

In determining the amounts of income and profits on long-term contracts to be recognised in the financial year, factors such as costs incurred to date, estimated costs to complete, risks associated with the contract and past experience of similar contracts are considered.

- *Tangible fixed assets (Note 16)*

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- *Intangible fixed assets (Note 15)*

Intangible fixed assets represent the value of the planning permission of the required asphalt plants and the associated goodwill arising on acquisition and hive up of subsidiaries. The cost is amortised over their useful lives, which are considered to be the duration of the leases on the associated properties.

### 4. Turnover

	2018	2017
	£	£
Contract revenue	229,691,558	219,658,106
Sale of goods	67,716,602	32,797,650
	<u>297,408,160</u>	<u>252,455,756</u>

All turnover arose within the United Kingdom.

# F M Conway Limited

## Notes to the financial statements For the year ended 31 March 2018

### 5. Other operating income

	2018	2017
	£	£
Other operating income	<u>382,855</u>	<u>325,179</u>

### 6. Operating profit

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

	2018	2017
	£	£
Depreciation of tangible fixed assets	10,859,375	9,532,132
Amortisation of intangible assets, including goodwill	7,975,128	1,990,665
Fair value movement on derivative instruments	-	(760,408)
Exchange differences	117,427	270,101
Other operating lease rentals	4,919,053	2,296,491
Defined contribution pension cost	<u>1,460,078</u>	<u>1,228,184</u>

### 7. Exceptional item

Included within operating profit is a one-time charge of £2,224,356, which relates to duplicate costs and work in progress not recoverable. The Company has reviewed historical transactions and put in place changes to its internal control procedures.

### 8. Auditor's remuneration

	2018	2017
	£	£
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	91,000	85,000
<b>Fees payable to the Group's auditor and its associates in respect of:</b>		
Taxation compliance services	19,740	10,500
Other services relating to taxation	117,250	289,420
Corporate finance advice	<u>75,000</u>	<u>-</u>

# F M Conway Limited

## Notes to the financial statements For the year ended 31 March 2018

### 9. Employees

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

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Wages and salaries	63,149,587	55,219,969	63,149,587	54,619,104
Social security costs	6,941,974	5,878,183	6,941,974	5,830,345
Cost of defined contribution scheme	1,460,078	1,228,184	1,460,078	1,212,723
	71,551,639	62,326,336	71,551,639	61,662,172

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

	2018 No.	2017 No.
Directors, Management and Administration	549	460
Labour	920	900
	1,469	1,360

### 10. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	2,341,813	1,855,281
Social security costs	309,967	246,853
Company contributions to defined contribution pension schemes	68,000	65,833
	2,719,780	2,167,967

During the year retirement benefits were accruing to 3 directors (2017 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £683,914 (2017 - £557,092).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £30,000 (2017 - £30,000).

The directors are considered to be key management personnel of the company.

# F M Conway Limited

## Notes to the financial statements For the year ended 31 March 2018

### 11. Interest receivable

	2018 £	2017 £
Other interest receivable	6,853	17,896

### 12. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	2,034,758	1,033,583
Share of joint ventures and associates	89,953	37,806
Finance leases and hire purchase contracts	532,108	522,680
	2,656,819	1,594,069

### 13. Taxation

	2018 £	2017 £
<b>Corporation tax</b>		
Current tax on profits for the year	4,613,537	5,714,273
Adjustments in respect of previous periods	-	(54,606)
Joint venture and associate taxation	135,628	56,995
<b>Total current tax</b>	4,749,165	5,716,662
<b>Deferred tax</b>		
Origination and reversal of timing differences	(125,465)	(133,935)
<b>Total deferred tax</b>	(125,465)	(133,935)
<b>Taxation on profit on ordinary activities</b>	4,623,700	5,582,727

# F M Conway Limited

## Notes to the financial statements For the year ended 31 March 2018

### 13. Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 - higher than) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>12,183,908</u>	<u>23,463,236</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	2,314,943	4,692,647
Effects of:		
Expenses not deductible for tax purposes, including goodwill amortisation	2,173,129	937,592
Adjustments to tax charge in respect of prior periods	-	(54,606)
Effects of difference in tax rates	-	4,941
JV tax charge (above standard rate)	135,628	2,153
<b>Total tax charge for the year</b>	<u><u>4,623,700</u></u>	<u><u>5,582,727</u></u>

#### Factors that may affect future tax charges

With effect from 1 April 2020, the UK corporation tax rate will be reduced to 17%. This change, which was announced in the March 2015 budget and affirmed in the March 2016 budget, will have no significant impact on these financial statements.

### 14. Dividends

	2018 £	2017 £
Interim dividends paid of £250 (2017 - £325) per share	<u>2,500,000</u>	<u>3,250,000</u>

A final dividend of £150 (2017 - £nil) per share, totalling £1,500,000 (2017 - £nil), has been proposed for the year.

The proposal final dividend has not been accrued for as it was declared after the balance sheet date.

## F M Conway Limited

Notes to the financial statements  
For the year ended 31 March 2018

### 15. Intangible assets

#### Group

	Goodwill £	Licences £	Total £
<b>Cost</b>			
At 1 April 2017	30,960,373	33,725,000	64,685,373
Additions	94,040	-	94,040
At 31 March 2018	31,054,413	33,725,000	64,779,413
<b>Amortisation</b>			
At 1 April 2017	941,229	1,049,436	1,990,665
Charge for the year	3,777,385	4,197,743	7,975,128
At 31 March 2018	4,718,614	5,247,179	9,965,793
<b>Net book value</b>			
At 31 March 2018	26,335,799	28,477,821	54,813,620
At 31 March 2017	30,019,144	32,675,564	62,694,708

# F M Conway Limited

## Notes to the financial statements For the year ended 31 March 2018

### 15. Intangible assets (continued)

#### Company

	Goodwill £	Licences £	Total £
<b>Cost</b>			
At 1 April 2017	30,609,076	32,675,564	63,284,640
Additions	94,040	-	94,040
At 31 March 2018	30,703,116	32,675,564	63,378,680
<b>Amortisation</b>			
At 1 April 2017	-	-	-
Charge for the year	3,777,385	4,197,743	7,975,128
At 31 March 2018	3,777,385	4,197,743	7,975,128
<b>Net book value</b>			
At 31 March 2018	26,925,731	28,477,821	55,403,552
At 31 March 2017	30,609,076	32,675,564	63,284,640

## F M Conway Limited

Notes to the financial statements  
For the year ended 31 March 2018

### 16. Tangible fixed assets

#### Group

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Assets under construction £	Total £
<b>Cost or valuation</b>						
At 1 April 2017	44,754,065	51,527,032	31,558,647	8,115,968	828,312	136,784,024
Additions	189,212	5,143,359	4,697,050	488,443	1,873,420	12,391,484
Disposals	-	(1,709,259)	(3,969,584)	-	-	(5,678,843)
Transfers between classes	610,350	775,617	(107,473)	(555,631)	(722,863)	-
At 31 March 2018	<u>45,553,627</u>	<u>55,736,749</u>	<u>32,178,640</u>	<u>8,048,780</u>	<u>1,978,869</u>	<u>143,496,665</u>
<b>Depreciation</b>						
At 1 April 2017	1,018,970	18,767,856	14,392,235	5,500,114	-	39,679,175
Charge for the year on owned assets	325,229	5,287,368	3,906,799	1,339,979	-	10,859,375
Disposals	-	(1,436,295)	(3,121,900)	-	-	(4,558,195)
Transfers between classes	291,527	(25,409)	(93,299)	(172,819)	-	-
At 31 March 2018	<u>1,635,726</u>	<u>22,593,520</u>	<u>15,083,835</u>	<u>6,667,274</u>	<u>-</u>	<u>45,980,355</u>
<b>Net book value</b>						
At 31 March 2018	<u><u>43,917,901</u></u>	<u><u>33,143,229</u></u>	<u><u>17,094,805</u></u>	<u><u>1,381,506</u></u>	<u><u>1,978,869</u></u>	<u><u>97,516,310</u></u>
At 31 March 2017	<u><u>43,735,095</u></u>	<u><u>32,759,176</u></u>	<u><u>17,166,412</u></u>	<u><u>2,615,854</u></u>	<u><u>828,312</u></u>	<u><u>97,104,849</u></u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2018 £	2017 £
Plant and machinery	18,070,749	14,853,218
Motor vehicles	15,299,998	18,766,829
	<u><u>33,370,747</u></u>	<u><u>33,620,047</u></u>

## F M Conway Limited

Notes to the financial statements  
For the year ended 31 March 2018

### 16. Tangible fixed assets (continued)

#### Company

	Freehold property £	Plant and machinery £	Motor vehicles £	Technology, Fixtures and fittings £	Assets under construction £	Total £
<b>Cost or valuation</b>						
At 1 April 2017	44,754,065	54,254,906	31,472,170	8,123,226	828,312	139,432,679
Additions	189,212	5,143,359	4,697,050	488,443	1,873,420	12,391,484
Disposals	-	(1,709,259)	(3,969,584)	-	-	(5,678,843)
Transfers between classes	610,350	1,078,777	(107,473)	(555,631)	(722,863)	303,160
At 31 March 2018	<u>45,553,627</u>	<u>58,767,783</u>	<u>32,092,163</u>	<u>8,056,038</u>	<u>1,978,869</u>	<u>146,448,480</u>
<b>Depreciation</b>						
At 1 April 2017	1,018,970	21,495,730	14,305,758	5,507,372	-	42,327,830
Charge for the year on owned assets	325,229	5,287,368	3,906,799	1,339,979	-	10,859,375
Disposals	-	(1,436,295)	(3,121,900)	-	-	(4,558,195)
Transfers between classes	291,527	277,751	(93,299)	(172,819)	-	303,160
At 31 March 2018	<u>1,635,726</u>	<u>25,624,554</u>	<u>14,997,358</u>	<u>6,674,532</u>	<u>-</u>	<u>48,932,170</u>
<b>Net book value</b>						
At 31 March 2018	<u><u>43,917,901</u></u>	<u><u>33,143,229</u></u>	<u><u>17,094,805</u></u>	<u><u>1,381,506</u></u>	<u><u>1,978,869</u></u>	<u><u>97,516,310</u></u>
At 31 March 2017	<u><u>43,735,095</u></u>	<u><u>32,759,176</u></u>	<u><u>17,166,412</u></u>	<u><u>2,615,854</u></u>	<u><u>828,312</u></u>	<u><u>97,104,849</u></u>

On transition to FRS102 in the accounts for the year ended 31 March 2016, the recycling facilities were recorded at "deemed cost" and included within Freehold land and buildings. The net book value on the transition date was £7,720,107.

# F M Conway Limited

Notes to the financial statements  
For the year ended 31 March 2018

## 17. Fixed asset investments

### Group

	Investments in associates £	Investment in joint ventures £	Total £
<b>Cost or valuation</b>			
At 1 April 2017	-	562,049	562,049
Additions	11,433,130	-	11,433,130
Share of profit/(loss)	304,667	92,404	397,071
At 31 March 2018	11,737,797	654,453	12,392,250
At 1 April 2017	-	-	-
<b>Net book value</b>			
At 31 March 2018	11,737,797	654,453	12,392,250
At 31 March 2017	-	562,049	562,049

### Participating interests

#### Joint ventures

Name	Country of incorporation	Class of shares	Holding	Principal activity
Conway Aecom Limited	England & Wales	Ordinary	50%	Provision of infrastructure services

The registered office of Conway Aecom Limited is the same as that of FM Conway Limited, which is shown on the contents page.

#### Associates

Name	Country of incorporation	Class of shares	Holding	Principal activity
Toppesfield Limited	England and Wales	Ordinary G shares	30.77%	Road surfacing

The registered address of Toppesfield Limited is Unit 12, Hillview Business Park, Old Ipswich Road, Claydon, Ipswich, Suffolk, IP6 0AJ.

## F M Conway Limited

Notes to the financial statements  
For the year ended 31 March 2018

### 17. Fixed asset investments (continued)

#### Company

	Investments in subsidiary companies £	Investments in associates £	Investment in joint ventures £	Total £
<b>Cost or valuation</b>				
At 1 April 2017	251,300	-	1	251,301
Additions	-	11,433,130	-	11,433,130
At 31 March 2018	<u>251,300</u>	<u>11,433,130</u>	<u>1</u>	<u>11,684,431</u>
<b>Net book value</b>				
At 31 March 2018	<u>251,300</u>	<u>11,433,130</u>	<u>1</u>	<u>11,684,431</u>
At 31 March 2017	<u>251,300</u>	<u>-</u>	<u>1</u>	<u>251,301</u>

### 18. Stocks

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Raw materials and consumables	<u>6,271,855</u>	<u>5,483,691</u>	<u>6,271,855</u>	<u>5,483,691</u>

During the year stock with a value of £78,219,150 (2017 - £48,765,096) has been recognised as an expense.

### 19. Debtors

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade debtors	41,970,916	47,019,592	41,970,916	47,019,592
Other debtors	1,275,818	228,485	1,275,818	228,485
Prepayments and accrued income	2,398,006	2,962,516	2,398,006	2,962,516
Amounts recoverable on long term contracts	24,011,029	25,079,350	24,011,029	25,079,350
	<u>69,655,769</u>	<u>75,289,943</u>	<u>69,655,769</u>	<u>75,289,943</u>

## F M Conway Limited

### Notes to the financial statements For the year ended 31 March 2018

#### 20. Cash and cash equivalents

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Cash at bank and in hand	<u>15,266,683</u>	<u>15,214,162</u>	<u>15,266,683</u>	<u>15,214,162</u>

#### 21. Creditors: Amounts falling due within one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Bank loans	4,500,000	3,250,000	4,500,000	3,250,000
Payments received on account	21,807,646	16,805,352	21,807,646	16,805,352
Trade creditors	16,431,191	28,502,518	16,431,191	28,502,518
Amounts owed to group undertakings	-	-	251,300	251,300
Corporation tax	2,233,188	2,545,657	2,233,188	2,545,657
Other taxation and social security	10,243,436	7,460,710	10,243,436	7,460,710
Obligations under finance lease and hire purchase contracts	9,181,555	7,777,088	9,181,555	7,777,088
Other creditors	2,054,737	3,093,288	2,054,738	3,093,288
Accruals	18,850,764	14,622,770	18,850,764	14,622,770
	<u>85,302,517</u>	<u>84,057,383</u>	<u>85,553,818</u>	<u>84,308,683</u>

#### 22. Creditors: Amounts falling due after more than one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Bank loans	67,250,000	71,750,000	67,250,000	71,750,000
Net obligations under finance leases and hire purchase contracts	16,046,595	18,159,387	16,046,595	18,159,387
	<u>83,296,595</u>	<u>89,909,387</u>	<u>83,296,595</u>	<u>89,909,387</u>

The bank loans are secured over the land and buildings of the Company.

The bank loans are repayable by instalments over the period to December 2021 at rates of interest of LIBOR plus 2.25%.

# F M Conway Limited

**Notes to the financial statements  
For the year ended 31 March 2018**

## Loans

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
<b>Amounts falling due within one year</b>				
Bank loans	4,500,000	3,250,000	4,500,000	3,250,000
	<u>4,500,000</u>	<u>3,250,000</u>	<u>4,500,000</u>	<u>3,250,000</u>
<b>Amounts falling due 1-2 years</b>				
Bank loans	6,000,000	4,500,000	6,000,000	4,500,000
	<u>6,000,000</u>	<u>4,500,000</u>	<u>6,000,000</u>	<u>4,500,000</u>
<b>Amounts falling due 2-5 years</b>				
Bank loans	61,250,000	67,250,000	61,250,000	67,250,000
	<u>61,250,000</u>	<u>67,250,000</u>	<u>61,250,000</u>	<u>67,250,000</u>
	<u><u>71,750,000</u></u>	<u><u>75,000,000</u></u>	<u><u>71,750,000</u></u>	<u><u>75,000,000</u></u>

Minimum lease payments under hire purchase fall due as follows:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Within one year	9,181,555	7,919,868	9,181,555	7,919,868
Between 1-5 years	16,046,595	18,342,568	16,046,595	18,342,568
	<u>25,228,150</u>	<u>26,262,436</u>	<u>25,228,150</u>	<u>26,262,436</u>

# F M Conway Limited

## Notes to the financial statements For the year ended 31 March 2018

### 23. Financial instruments

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
<b>Financial assets</b>				
Financial assets that are debt instruments measured at amortised cost	<u>82,656,171</u>	<u>87,770,074</u>	<u>82,656,171</u>	<u>87,770,074</u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	<u>(134,314,842)</u>	<u>(147,155,051)</u>	<u>(134,566,142)</u>	<u>(147,406,351)</u>

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors, amounts recoverable on contracts and amounts owed by joint ventures.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, other creditors, finance lease creditors and accruals and amounts owed to group undertakings.

Derivative financial liabilities designated as hedges of variable material prices comprise forward contracts for the purchase of materials.

Information regarding the Company's exposure to and management of credit risk, liquidity risk, interest rate risk, and foreign exchange risk is included in the Strategic report.

### 24. Deferred taxation

#### Group

	2018 £	2017 £
At beginning of year	(7,421,574)	(1,459,935)
Credited to comprehensive income	125,465	133,935
Acquired on acquisition of subsidiaries	-	(6,095,574)
<b>At end of year</b>	<u><u>(7,296,109)</u></u>	<u><u>(7,421,574)</u></u>

# F M Conway Limited

**Notes to the financial statements  
For the year ended 31 March 2018**

**24. Deferred taxation (continued)**

**Company**

	2018 £	2017 £
At beginning of year	(7,421,574)	(1,459,935)
Charged to comprehensive income	125,465	(44,469)
Transfer on hive up	-	(5,917,170)
<b>At end of year</b>	<b>(7,296,109)</b>	<b>(7,421,574)</b>

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Accelerated capital allowances	(588,153)	(1,553,714)	(588,153)	(1,553,714)
Capital gains	(6,707,956)	(5,884,536)	(6,707,956)	(5,884,536)
Short term timing differences	-	16,676	-	16,676
	<b>(7,296,109)</b>	<b>(7,421,574)</b>	<b>(7,296,109)</b>	<b>(7,421,574)</b>

**25. Share capital**

	2018 £	2017 £
<b>Allotted, called up and fully paid</b>		
10,000 Ordinary shares of £1 each	<b>10,000</b>	<b>10,000</b>

**26. Reserves**

**Revaluation reserve**

Prior to the transition to FRS 102, the Company held certain tangible fixed assets, being its freehold recycling facilities, at revaluation under FRS 15. Gains above depreciated historical cost arising on the revaluation have been recorded within this reserve.

This reserve is not distributable until the asset has been disposed of.

**Profit and loss account**

All other net gains and losses and transactions with owners such as dividends not recognised elsewhere.

# F M Conway Limited

## Notes to the financial statements For the year ended 31 March 2018

### 27. Contingent liabilities

The Group and Parent Company has contingent liabilities of a normal trading nature in respect of guarantees provided by Coutts & Co relating to bonds with an aggregate value of £3,061,244 (2017 - £2,771,301).

### 28. Capital commitments

At 31 March 2018 the Group and Company had capital commitments as follows:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Contracted for but not provided in these financial statements	770,000	315,000	770,000	315,000

There are no capital commitments in relation to the joint ventures.

### 29. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension charge amounted to £1,460,078 (2017 - £1,228,184). The amount outstanding at the year end is £132,841 (2017 - £106,508).

### 30. Commitments under operating leases

At 31 March 2018 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Not later than 1 year	1,210,708	2,411,040	1,210,708	2,411,040
Later than 1 year and not later than 5 years	9,059,926	3,835,518	9,059,926	3,835,518
Later than 5 years	4,915,630	5,440,070	4,915,630	5,440,070
	<b>15,186,264</b>	<b>11,686,628</b>	<b>15,186,264</b>	<b>11,686,628</b>

# F M Conway Limited

## Notes to the financial statements For the year ended 31 March 2018

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### 31. Related party transactions

During the year the Group entered into various transactions on normal commercial terms with the following entities:

The Conway Founders Pension Fund is a pension scheme in which M J Conway is a trustee. During the year the Company paid £76,000 (2017 - £76,000) in respect of rent of Hawley Road to the Conway Founders Pension Fund. At the year end £Nil (2017 - £Nil) was due to Conway Founders Pension Fund.

Conway Aecom Limited, a company in which M J Conway, D T Donnelly and A S Hansen are directors and F M Conway Limited holds a 50% interest in the ordinary share capital. The balance due from Conway Aecom Limited to the Company at the year end was £12,510,351 (2017 - £8,578,698). During the year, sales were made from FM Conway Limited to Conway Aecom Limited totalling £55,373,015 (2017 - £73,494,508). Further details in relation to this joint venture are provided in note 17.

During the year, income was received from Conway Aecom Limited totalling £652,332 (2017 - £642,582) in relation to the hire of fixed assets.

During the year, management fee income was received from Conway Aecom Limited totalling £500,000 (2017 - £250,000).

Toppesfield Limited, a company in which A S Hansen is a director and F M Conway Limited acquired a 30.77% interest in the ordinary share capital on 20 September 2017. The balance due from Toppesfield Limited to the Company at the year end was £3,159,645. During the period from acquisition, sales were made from FM Conway Limited to Toppesfield Limited totalling £6,600,197.

At the year end, an amount of £1,153,850 was owed by (2017 - £95,353 owed to) the director, M J Conway, by way of an interest free loan. This has been repaid post year end.

Dividends of £2,500,000 (2017 - £3,250,000) were paid to Mr M J Conway and Mrs K Conway in respect of their shareholdings during the year.

Key management personnel are determined to be the directors. Details of their remuneration are given in note 10.

### 32. Controlling party

The Company is controlled by Mr M J Conway by virtue of his shareholding and directorship.