Company Registration No. 03089060 (England and Wales)

CCS GROUP PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

CCS GROUP PLC

COMPANY INFORMATION

Directors	Sir John Gains Patricia G O'Neill Michael Hesnan Michael P S Horgan Damian F Tiernan Simon J V Miesegaes
Secretary	S J V Miesegaes
Company number	03089060
Registered office	Heather Park House North Circular Road Stonebridge London NW10 7NN
Auditor	Cheesmans 4 Aztec Row Berners Road London N1 0PW
Bankers	Barclays Bank PLC One Churchill Place London E14 5HP

CCS GROUP PLC

CONTENTS

CCS GROUP PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The directors present the strategic report for the year ended 31 March 2017.

Fair review of the business
The group continues to focus on its position as a significant provider of infrastructure services within the railway sector. This includes mainstream rail maintenance activities in addition to support services, provision of safety critical rail resources and capital works across Transport for London's and Network Rail's infrastructures.

The provision of such services requires specialist knowledge not only of the intricacies of the networks, but also the specialist skills required and health and safety needs.

Staff recruitment continues to reflect the directors' confidence in the business and the need to invest in the future.

Detailed reviews of the performance of each of the group companies appear in their own financial statements.

In relation to CCS Group Plc itself, which is the parent company, the main risks facing the business are:

- Staff retention in an increasingly competitive environment; and
- the provision of appropriate IT infrastructure for the group; to mitigate this risk, the group has contracts with respected IT service providers in addition to employing its own IT support staff; and
- the provision of a comprehensive health and safety and quality and assurance function. The directors take their responsibilities in this area extremely seriously and will continue to invest in this area in order to ensure the safety of all their Clients, staff, subcontractors and the general public. A senior Health and Safety Executive reports to the Operational Board and the Main Board at the weekly and monthly board meetings respectively.

The main trading company within the group is Cleshar Contract Services Limited and set out below is an extract from that company's Strategic Report:

"The company has operated in the following four key areas:

- *Facilities works, including the provision of safety critical resources, specialised cleaning, litter picking, vegetation and arboricultural works, fencing and barriers, and escalator cleaning within the UK rail infrastructure network;*
- *Track maintenance, renewals and welding services within the UK rail infrastructure network;*
- *Provision of support services within the UK rail infrastructure networks; and*
- *Provision of capital works within the UK rail infrastructure network;*

The company has continued to work closely with its main clients as they seek to upgrade the UK rail transport network.

Principal risks and uncertainties
The principal risks facing Cleshar Contract Services Limited are as follows:

- *Non-compliance within the Health and Safety, and Quality and Assurance environments;*
- *A loss of reputation as a high class provider of specialist services;*
- *Increased competition and pressure on margins as a result of an increase of new entrants into the business environment;*
- *Compliance with the highly stringent conditions and procedures within the UK rail infrastructure network; and*
- *Staff retention in an increasingly competitive environment.*

Development and performance
This year's turnover and margins were in line with expectation and reflect market conditions.

The directors are confident of the business going forward and, in particular, of supporting their Clients by executing the works required to be carried out under the company's commercial contracts. The company has recently entered into a new lease for premises to support the future growth within the UK Rail infrastructure network.

The following procedures continue to be applied to aid the directors in monitoring the performance of the company and include:

- *Monthly meetings with senior management to review the management accounts including detailed reviews of the key performance indicators of margins, volumes of sales, overheads and contractual issues as well as performance against budget.*

Key performance indicators
The key performance indicators for the company are as follows:

- *Turnover;*
- *Profit margin;*
- *Profit before tax;*
- *Trade debtor days; and*
- *Audits*

Turnover
As noted the percentage change in turnover was in line with expectations.

Profit margin
The gross profit margin of the company has been sustained at 5.7% (2016: 4.0%). Net margin, excluding intra group dividends, was 1.1% (2016 : 0.41%).

Profit before tax
The profit before tax of the company has decreased in the year from £724k to £624k.

Trade debtor days

Trade debtor days have increased in the year from 14.6 to 36.4 days, reflecting the significant amount of invoicing carried out in March 2017.

Audits

During the year, the company has undergone a large number of internal and external audits. These have not only included the confirmation of its continued accreditation in respect of the latest revisions of BSEN ISO 9001, OHSAS 18001, BSEN ISO 14001, CEMARS (Carbon Footprint), Network Rail RISQS approval and Network Rail Principal Contractor's Licence ("PCL") and the FORS accreditation.

The directors have continued to invest significantly in the Health and Safety department and in training and career development given the responsibility that they have for the proper care and control of operations. In particular, the company has continued to:

- *Recruit additional members of staff into the Health and Safety department;*
- *Invest in new management information systems; and*
- *Ensure that the Board is appraised of Health and Safety and Quality and Assurance issues on a regular basis."*

The activities of CCS Group Plc expose it to a number of financial risks including contract price risks, credit risk, cash flow risk and liquidity risk.

In evaluating opportunities, careful consideration is given as to whether those opportunities are appropriate for pursuing when considered in the context of the company's strategic plan for its business sectors and markets.

In terms of contract price risk, each tender submitted by group companies is reviewed by at least one of the directors in order to ensure that where the price is fixed that it is appropriate to the transaction and where the price is variable that sufficient controls are in place to ensure that the contract price is carefully appraised.

It should be noted that the majority of the group's turnover is with "blue chip" clients and this in itself is significant in reducing credit risk.

The directors have adopted the following department and group procedures to aid them in monitoring the performance of the group:-

- Regular operational board meetings are held to review commercial, operational, health, safety, quality and assurance and head office issues; and

- Monthly board meetings are held to carry out a higher level of review of each department's performance, strategic issues and financial performance. All health and safety issues are reviewed in full by reference to the report prepared by a senior Health, Safety, Quality and Assurance Executive.

In summary, the directors would like to thank all staff and subcontractors for their support and loyalty during the year. The directors are confident of the group's future.

On behalf of the Board

....

Sir John Gains

Chairman

....

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

Principal activities
The principal activities of the group are:

- the provision of support services to the UK rail infrastructure network;
- the provision of track maintenance, renewals and welding services to the UK rail infrastructure network;
- the provision of capital works within the UK rail infrastructure network and other sectors; and
- the provision of training services to the UK rail infrastructure network.

The company's principal activity is that of a holding company.

During the year, the company continued in its role as the parent company of the group, running the infrastructure of the group and providing management services to the various group companies.

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

Sir John Gains	
Patricia G O'Neill	
Michael Hesnan	
Michael P S Horgan	
Damian F Tiernan	
Simon J V Miesegaes	
Antony J Black	(Resigned 2 April 2017)
Eileen J Schroeder	(Resigned 30 September 2016)

Results and dividends
The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £1,000,000. The directors do not recommend payment of a final ordinary dividend.

Directors' share options
On 25 May 2009, the Board adopted the CCS Group Plc Enterprise Management Incentive Scheme ("the Scheme") following consultation with HM Revenue and Customs and professional advisers.

On 20 August 2014, the terms of the EMI Scheme were amended and further options were granted.

The Key parameters are as follows:

- grant of options are at the discretion of the Remuneration Committee;
- the Scheme comprises EMI options which attract certain tax relief as well as unapproved options;
- the option holders must work for at least 25 hours a week for the group or at least 75% of their working time must be on group matters; and
- conditions adhering to the options are set by the Remuneration Committee.

All options granted on 25 May 2009 that remain outstanding at 31 March 2017 are exercisable at £2.08 per share and may only be exercised in accordance with the rules of the Scheme; and in any event, all share options lapse in 2019.

All options granted in 2014 are exercisable at £2.55 per share and may only be exercised in accordance with the rules of the Scheme; and in any event, all share options lapse in 2024.

Research and development
Research and Development activities for the period related to the creation and development of software systems solely for use within the running of the business.

Disabled persons
Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement
The group's policy is to consult and discuss with employees, staff councils and at meetings matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

Future developments
The group of companies intends to continue to pursue their principal activities in the future.

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

Statement of directors' responsibilities
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

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

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

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company and group is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company and group is aware of that information.

On behalf of the Board

Patricia G O'Neill
Chief Executive Officer
8th June 2017

CCS GROUP PLC

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CCS GROUP PLC

We have audited the financial statements of CCS Group Plc for the year ended 31 March 2017 set out on pages 9 to 31. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

Respective responsibilities of directors and auditor
As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of our audit, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF CCS GROUP PLC

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 the Directors'. Report.

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

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

Carol Cheesman (Senior Statutory Auditor)
for and on behalf of Cheesmans

8 June 2017

Chartered Accountants
Statutory Auditor

4 Aztec Row
Berners Road
London
N1 0PW

CCS GROUP PLC

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £	2016 £
Turnover	**1.4, 3**	63,857,511	75,520,207
Cost of sales		(54,030,319)	(69,372,464)
Gross profit		9,827,192	6,147,743
Administrative expenses		(8,342,681)	(5,177,585)
Operating profit	**4**	1,484,511	970,158
Interest receivable and similar income	**8**	10,132	14,566
Profit before taxation		1,494,643	984,724
Taxation	**9**	(322,050)	39,344
Profit for the financial year		1,172,593	1,024,068
Total comprehensive income for the year		1,172,593	1,024,068

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

The profit and loss account has been prepared on the basis that all operations are continuing operations.

CCS GROUP PLC

GROUP BALANCE SHEET

AS AT 31 MARCH 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Tangible assets	13		309,367		407,280
Current assets					
Stocks	17	62,218		92,776	
Debtors	18	10,225,357		14,797,224	
Cash at bank and in hand		9,928,465		7,784,798	
		20,216,040		22,674,798	
Creditors: amounts falling due within one year	19	(13,236,204)		(15,965,468)	
Net current assets			6,979,836		6,709,330
Total assets less current liabilities			7,289,203		7,116,610
Capital and reserves					
Called up share capital	21		299,342		299,342
Share premium account			53,289		53,289
Profit and loss reserves			6,936,572		6,763,979
Equity attributable to owners of the parent company			7,289,203		7,116,610

The financial statements were approved by the Board of Directors and authorised for issue on 8th June 2017 and are signed on its behalf by:

....

Simon J V Miesegaes

Group Finance Director

CCS GROUP PLC

COMPANY BALANCE SHEET

AS AT 31 MARCH 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Tangible assets	**13**		114,134		202,204
Investments	**14**		2,930,633		2,932,633
			3,044,767		3,134,837
Current assets					
Debtors	**18**	4,353,712		6,216,367	
Cash at bank and in hand		6,721,416		4,684,691	
		11,075,128		10,901,058	
Creditors: amounts falling due within one year	**19**	(5,197,289)		(5,421,555)	
Net current assets			5,877,839		5,479,503
Total assets less current liabilities			8,922,606		8,614,340
Capital and reserves					
Called up share capital	**21**		299,342		299,342
Share premium account			53,289		53,289
Profit and loss reserves			8,569,975		8,261,709
Total equity			8,922,606		8,614,340

The financial statements were approved by the Board of Directors and authorised for issue on 8th June 2017 and are signed on its behalf by:

....

Simon J V Miesegaes
Group Finance Director

Company Registration No. 03089060

CCS GROUP PLC

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 April 2015		299,342	53,289	5,739,911	6,092,542
Year ended 31 March 2016:					
Profit and total comprehensive income for the year		-	-	1,024,068	1,024,068
Balance at 31 March 2016		299,342	53,289	6,763,979	7,116,610
Year ended 31 March 2017:					
Profit and total comprehensive income for the year		-	-	1,172,593	1,172,593
Dividends	10	-	-	(1,000,000)	(1,000,000)
Balance at 31 March 2017		299,342	53,289	6,936,572	7,289,203

CCS GROUP PLC

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 April 2015		299,342	53,289	5,275,989	5,628,620
Year ended 31 March 2016:					
Profit and total comprehensive income for the year		-	-	2,985,720	2,985,720
Balance at 31 March 2016		299,342	53,289	8,261,709	8,614,340
Year ended 31 March 2017:					
Profit and total comprehensive income for the year		-	-	1,308,266	1,308,266
Dividends	10	-	-	(1,000,000)	(1,000,000)
Balance at 31 March 2017		299,342	53,289	8,569,975	8,922,606

CCS GROUP PLC

GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Cash flows from operating activities					
Cash generated from operations	**27**		2,934,335		469,072
Income taxes refunded/(paid)			409,457		(690,000)
Net cash inflow/(outflow) from operating activities			3,343,792		(220,928)
Investing activities					
Purchase of tangible fixed assets		(216,373)		(238,875)	
Proceeds on disposal of tangible fixed assets		6,116		1,182	
Interest received		10,132		14,566	
Net cash used in investing activities			(200,125)		(223,127)
Financing activities					
Dividends paid to equity shareholders		(1,000,000)		-	
Net cash used in financing activities			(1,000,000)		-
Net increase/(decrease) in cash and cash equivalents			2,143,667		(444,055)
Cash and cash equivalents at beginning of year			7,784,798		8,228,853
Cash and cash equivalents at end of year			9,928,465		7,784,798

1 Accounting policies

Company information

CCS Group Plc ("the Company") is a limited company domiciled and incorporated in England and Wales. The registered office is Heather Park House, North Circular Road, Stonebridge, London, NW10 7NN.

The group consists of CCS Group Plc and all of its subsidiaries.

1.1 Accounting convention

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

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

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

1.2 Basis of consolidation

The consolidated financial statements incorporate those of CCS Group Plc and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes. All financial statements are drawn up to within one week of 31 March in each year (2017: (53 weeks) 2 April ; 2016: (52 weeks) 27 March).

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

1 Accounting policies **(Continued)**

The consolidated financial statements incorporate those of CCS Group Plc and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 March 2017. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

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

1.4 Turnover

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

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.5 Tangible fixed assets

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

Tangible fixed assets are stated at cost less depreciation/amortisation. Depreciation/amortisation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Short leasehold land and buildings	over the remaining period of the lease
Plant and machinery & computer equipment	2 & 3 years
Fixtures, fittings & equipment	5 years
Motor vehicles	2 & 4 years

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

1 Accounting policies **(Continued)**

1.6 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.7 Impairment of fixed assets

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

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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

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

1.8 Stocks

Stocks represent consumable materials and are held for distribution at no or nominal consideration. They are measured at cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated service potential is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1 Accounting policies **(Continued)**

1.10 Financial instruments

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

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

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

Basic financial assets

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

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

1 Accounting policies **(Continued)**

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

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

Derecognition of financial liabilities
Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

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

1.12 Taxation

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

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

Deferred tax
Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Group relief
Where group relief is claimed, the claimant company pays to the surrendering company an amount equal to the corporation tax saved.

1.13 Employee benefits

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

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

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

1 Accounting policies **(Continued)**

1.14 Retirement benefits

The group makes contributions to schemes in respect of employees, which are contributory and defined contribution schemes. The contributions are charged to the profit and loss account in the period to which they relate. The assets of the schemes are held separately from the assets of the group.

1.15 Leases

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

1.16 Retentions

Client retentions are not brought into account until they have been received.

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Accrued Income

Where an amount has not resulted in a Sales Invoice being raised at the balance sheet date relating to works carried out within the period Accrued Income is recognised within the Financial Statements. This affects both Turnover and Debtors. The Commercial Managers employed by the Group assess the value of works to be invoiced after the period by using their professional expertise in applying the contracts to calculate these amounts, which are then reviewed and ratified by the Directors.

Accruals

Where an amount has not been invoiced at the balance sheet date for goods and/or services received or relating to prior to the balance sheet date an accrual is created where the economic outflow is probable and can be reliably measured. The Directors make judgements on the level and treatment of these amounts. This affects, within the Profit and Loss Account, both Costs of Sales and Administrative expenses (depending on the nature of the accrual required) as well as, within the Balance Sheet, Creditors: Amounts Falling Due Within One Year.

3 *Turnover and other revenue*

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

	2017	2016
	£	£
Turnover		
Rail Construction Contracts	3,999,858	6,296,956
Support Works	9,239,493	7,291,677
Maintenance	32,947,740	45,912,861
Facilities	11,067,899	11,572,149
Welding	6,127,453	4,038,491
Training	431,434	405,212
Other	43,634	2,861
	63,857,511	75,520,207
Other significant revenue		
Interest income	10,132	14,566

4 Operating profit

	2017	2016
	£	£
Operating profit for the year is stated after charging:		
Depreciation of owned tangible fixed assets	301,007	318,213
Impairment of owned tangible fixed assets	-	73,869
Loss on disposal of tangible fixed assets	7,163	641
Cost of stocks recognised as an expense	3,417,892	3,612,806
Operating lease charges	1,168,762	1,110,510

5 Auditor's remuneration

	2017	2016
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the group and company	22,500	22,500
Audit of the financial statements of the company's subsidiaries	31,300	31,300
	53,800	53,800
For other services		
Taxation compliance services	11,000	11,000
All other non-audit services	53,933	29,880
	64,933	40,880

6 Employees

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

	Group 2017 Number	2016 Number	Company 2017 Number	2016 Number
Management and administration	27	29	27	24
Production	676	866	145	128
	703	895	172	152

Their aggregate remuneration comprised:

	Group 2017 £	2016 £	Company 2017 £	2016 £
Wages and salaries	18,768,234	23,949,984	8,362,924	6,886,866
Social security costs	1,668,496	1,939,671	938,875	859,652
Pension costs	343,982	272,284	343,982	272,284
	20,780,712	26,161,939	9,645,781	8,018,802

7 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	2,362,404	1,186,990
Company pension contributions to defined contribution schemes	183,540	93,167
	2,545,944	1,280,157

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2016 - 5).

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

	2017 £	2016 £
Remuneration for qualifying services	554,224	212,496

8 Interest receivable and similar income

	2017 £	2016 £
Interest income		
Interest on bank deposits	8,257	11,732
Other interest income	1,875	2,834
Total income	10,132	14,566

9 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	322,050	-
Adjustments in respect of prior periods	-	(39,344)
Total current tax	322,050	(39,344)

The charge for the year can be reconciled to the profit per the profit and loss account as follows:

	2017 £	2016 £
Profit before taxation	1,494,643	984,724
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2016: 20.00%)	298,929	196,945
Tax effect of expenses that are not deductible in determining taxable profit	21,261	38,356
Unutilised tax losses carried forward	-	4,603
Permanent capital allowances in excess of depreciation	4,794	(9,166)
Depreciation on assets not qualifying for tax allowances	-	13,588
Research and development tax credit	(15,311)	(20,706)
Other permanent differences	4,522	10,021
Under/(over) provided in prior years	-	(39,344)
Timing differences	7,307	(233,641)
Over provided in the current year	548	-
Taxation charge/(credit) for the year	322,050	(39,344)

10 Dividends

	2017 £	2016 £
Interim paid	1,000,000	-

11 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	2017	2016
	£	£
In respect of:		
Property, plant and equipment	-	73,869
Recognised in:		
Administrative expenses	-	73,869

The impairment losses in respect of financial assets are recognised in other gains and losses in the profit and loss account.

12 Intangible fixed assets

Group	**Goodwill arising on acquisitions**
	£
Cost	
At 1 April 2016 and 31 March 2017	2,540,678
Amortisation and impairment	
At 1 April 2016 and 31 March 2017	2,540,678
Carrying amount	
At 31 March 2017	-
At 31 March 2016	-

Company

The company had no intangible fixed assets at 31 March 2017 or 31 March 2016.

13 Tangible fixed assets

Group	Short leasehold land and buildings	Plant and machinery & computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2016	710,209	1,339,609	684,317	820,848	3,554,983
Additions	-	92,173	134,679	21,202	248,054
Disposals	-	(80,956)	(19,175)	(46,556)	(146,687)
At 31 March 2017	710,209	1,350,826	799,821	795,494	3,656,350
Depreciation, amortisation and impairment					
At 1 April 2016	615,667	1,118,616	613,463	799,957	3,147,703
Depreciation and amortisation charged in the year	67,943	143,610	74,661	14,793	301,007
Eliminated in respect of disposals	-	(48,738)	(6,433)	(46,556)	(101,727)
At 31 March 2017	683,610	1,213,488	681,691	768,194	3,346,983
Carrying amount					
At 31 March 2017	26,599	137,338	118,130	27,300	309,367
At 31 March 2016	94,542	220,993	70,854	20,891	407,280

13 Tangible fixed assets (Continued)

Company	Short leasehold land and buildings	Fixtures, fittings & equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2016	178,761	266,399	1,295,051	532,176	2,272,387
Additions	-	292	67,313	-	67,605
Disposals	-	-	(80,956)	-	(80,956)
At 31 March 2017	178,761	266,691	1,281,408	532,176	2,259,036
Depreciation, amortisation and impairment					
At 1 April 2016	178,761	266,149	1,093,097	532,176	2,070,183
Depreciation and amortisation charged in the year	-	209	123,248	-	123,457
Eliminated in respect of disposals	-	-	(48,738)	-	(48,738)
At 31 March 2017	178,761	266,358	1,167,607	532,176	2,144,902
Carrying amount					
At 31 March 2017	-	333	113,801	-	114,134
At 31 March 2016	-	250	201,954	-	202,204

More information on the impairment arising in the year is given in note 11.

14 Fixed asset investments

		Group		Company	
		2017	2016	2017	2016
	Notes	£	£	£	£
Investments in subsidiaries	15	-	-	2,930,633	2,932,633

14 Fixed asset investments **(Continued)**

Movements in fixed asset investments

Company	**Shares in group undertakings**
	£
Cost or valuation	
At 1 April 2016	2,932,633
Disposals	(2,000)
At 31 March 2017	2,930,633
Carrying amount	
At 31 March 2017	2,930,633
At 31 March 2016	2,932,633

15 Subsidiaries

Details of the company's subsidiaries at 31 March 2017 are as follows:

Name of undertaking	**Registered office**	**Nature of business**	**Class of shares held**	**% Held Direct**	**Indirect**
Cleshar Contract Services Limited	1	Railway engineering and rail infrastructure services	Ordinary	100.00	-
GPX Engineering Ltd	1	Welding services	Ordinary	100.00	-
Infrastructure Training Services Limited	1	Training services for the railway industry	Ordinary	-	100.00
CCS Rail Limited	1	Dormant	Ordinary	100.00	-

Registered Office address:

1. Heather Park House, North Circular Road, Stonebridge, London, NW10 7NN

16 Financial instruments

	Group 2017	**2016**	**Company 2017**	**2016**
	£	**£**	**£**	**£**
Carrying amount of financial assets				
Debt instruments measured at amortised cost	6,649,259	3,534,898	3,957,620	5,044,388
Carrying amount of financial liabilities				
Measured at amortised cost	11,515,292	14,139,026	3,901,227	4,116,119

17 Stocks

	Group 2017 £	2016 £	Company 2017 £	2016 £
Consumable materials	62,218	92,776	-	-

18 Debtors

Amounts falling due within one year:	Group 2017 £	2016 £	Company 2017 £	2016 £
Trade debtors	6,541,658	3,400,861	24,693	-
Gross amounts due from contract customers	2,925,590	9,798,041	-	-
Corporation tax recoverable	-	709,457	-	708,744
Amounts due from group undertakings	-	-	3,846,715	4,985,827
Other debtors	107,601	241,137	86,212	58,561
Prepayments and accrued income	650,508	647,728	396,092	463,235
	10,225,357	14,797,224	4,353,712	6,216,367

19 Creditors: amounts falling due within one year

	Group 2017 £	2016 £	Company 2017 £	2016 £
Trade creditors	2,820,264	2,438,945	90,271	189,044
Corporation tax payable	22,050	-	22,050	-
Other taxation and social security	1,698,862	1,826,442	1,274,012	1,305,436
Other creditors	36,588	33,030	35,580	30,771
Accruals and deferred income	8,658,440	11,667,051	3,775,376	3,896,304
	13,236,204	15,965,468	5,197,289	5,421,555

20 Retirement benefit schemes

Defined contribution schemes	2017 £	2016 £
Charge to profit and loss in respect of defined contribution schemes	343,982	272,284

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

21 Share capital

	Group and company	
	2017	2016
Ordinary share capital	£	£
Issued and fully paid		
299,342 Ordinary shares of £1 each	299,342	299,342

All the shares rank pari passu in all respects.

22 Operating lease commitments

Lessee

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

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Within one year	572,480	27,000	462,480	-
Between two and five years	157,975	662,705	-	480,249
In over five years	401,000	81,000	320,000	-
	1,131,455	770,705	782,480	480,249

23 Financial commitments, guarantees and contingent liabilities

There is a composite accounting system overdraft facility between the companies of CCS Group Plc group and Barclays Bank PLC whereby amounts due to and from Barclays Bank PLC can be offset, both in terms of capital and interest calculation.

24 Directors' transactions

Dividends totalling £883,077 (2016 - £0) were paid in the year in respect of shares held by the company's directors.

25 Related party transactions

There is a cross guarantee/debenture facility between the companies of the CCS Group Plc group under the terms of which amounts due to Barclays Bank PLC are secured by a fixed and floating charge on the assets of all group companies.

Some of the debt agreements entered into by the companies within the group include indemnification provisions that obligate the CCS Group Plc to make payments to the counter party if certain events occur. These are often standard contractual terms in the normal course of business. The company has not been required to make any payments for such indemnification clauses and is not in a position to estimate the maximum potential amount of any future payments. The company has not been made aware of any potential claims.

25 Related party transactions **(Continued)**

Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Rent & Service Charge		Professional Services	
	2017	**2016**	**2017**	**2016**
	£	**£**	**£**	**£**
Group				
Other related parties	500,132	490,927	2,472,800	885,200
Company				
Other related parties	159,634	131,661	2,472,800	885,200

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2017	**2016**
	£	**£**
Group		
Other related parties	-	35,375
Company		
Other related parties	-	27,017

26 Controlling party

The controlling parties are Michael P S Horgan, Damian F Tiernan and Simon J V Miesegaes by virtue of their shareholdings in the company.

27 Cash generated from group operations

	2017	2016
	£	£
Profit for the year after tax	1,172,593	1,024,068
Adjustments for:		
Taxation charged/(credited)	322,050	(39,344)
Investment income	(10,132)	(14,566)
Loss on disposal of tangible fixed assets	7,163	641
Depreciation and impairment of tangible fixed assets	301,007	392,082
Movements in working capital:		
Decrease in stocks	30,558	15,417
Decrease in debtors	3,794,433	3,986,941
(Decrease) in creditors	(2,683,337)	(4,896,167)
Cash generated from operations	2,934,335	469,072