Company Registration No. 03089060 (England and Wales)

CCS GROUP PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

CCS GROUP PLC

COMPANY INFORMATION

Directors	Sir John Gains Michael P S Horgan Damian F Tiernan Simon J V Miesegaes Michael Hesnan
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

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CCS GROUP PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present the strategic report for the year ended 31 March 2018.

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.

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 quarterly 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:

*"**Fair review of the business***
The company has operated in the following key areas within the UK rail infrastructure network:

- *Facilities works, including:*
  - *the provision of safety critical resources;*
  - *specialised cleaning and litter picking services;*
  - *lifts, escalators and signalling maintenance;*
  - *vegetation and arboricultural works;*
  - *fencing and barriers installation and maintenance; and*
  - *facilities maintenance.*
- *Track maintenance, renewals and welding services within the UK rail infrastructure network;*
- *Provision of support services within the UK rail infrastructure networks;*
- *Provision of capital works within the UK rail infrastructure network; and*
- *Use of the Cleshar Academy to develop and promote skills within our industry.*

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 expectations 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 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, health and safety issues, 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 including monthly Health and Safety Dashboard reviews*

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 6.1% (2017: 5.7%). Net margin, excluding intra group dividends, was 1.1% (2017 : 1.1%).

Profit before tax
The profit before tax of the company has decreased in the year from £624k to £524k.

Trade debtor days

Trade debtor days have decreased in the year from 36.4 to 17.9 days.

Audits

During the year, the company has undergone a large number of internal and external audits. These have 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, 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 support of operations. In particular, the company has continued to:

- *Recruit additional members of staff;*
- *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."*

GPX Engineering Ltd, accounting for some 17% of the group turnover, continues to perform well with similar key performance indicators, risks and uncertainties.

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

- Monthly management 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

7/6/19
....

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2018

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

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	
Michael P S Horgan	
Damian F Tiernan	
Simon J V Miesegaes	
Michael Hesnan	
Antony J Black	(Resigned 2 April 2017)
Patricia G O'Neill	(Resigned 5 June 2018)

Results and dividends
The results for the year are set out on page 10.

No interim ordinary dividends were paid. 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.

All options granted under this Scheme were granted on 9 June 2009. These remain outstanding at 31 March 2018 are exercisable at £2.08 per share and may only be exercised on the sale, quotation or return of capital, in accordance with the rules of the Scheme. All these share options lapse in 2019.

On 20 August 2014, the Board amended the terms of the Scheme and granted further options. These options are exercisable at £2.55 per share and may also only be exercised on sale, quotation or return of capital in accordance with the rules of the Scheme. All these share options lapse in 2024.

In each case the value of the options was determined and agreed by the Board of Directors.

As these options are only exercisable on sale, quotation or return of capital, no expense has been recognised in the profit and loss account. If such an event were to occur the total expense of £101,416 (2017: £167,456) would be recognised in the profit and loss account immediately.

	At 31 March 2017	At 31 March 2018	Date from which exercisable	Expiry date
Michael Hesnan	9,868	9,868	09/06/2009	08/06/2019
Patricia O'Neill	9,868		09/06/2009	08/06/2019
Sir John Gains	4,934	4,934	09/06/2009	08/06/2019
Michael Hesnan	17,849	17,849	20/08/2014	19/08/2024
Patricia O'Neill	17,849		20/08/2014	19/08/2024
Sir John Gains	9,848	9,848	20/08/2014	19/08/2024

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 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 is aware of that information.

On behalf of the Board

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Michael P S Horgan

Managing Director

Date: 1st June 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CCS GROUP PLC

Opinion

We have audited the financial statements of CCS Group Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise the Group Statement of Comprehensive Income, the Group Balance Sheet, the Company Balance Sheet, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's 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.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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.

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.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

7 June 2018

Chartered Accountants
Statutory Auditor

4 Aztec Row
Berners Road
London
N1 0PW

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2017 £
Turnover	1.4, 3	56,232,217	63,857,511
Cost of sales		(50,146,015)	(54,030,319)
Gross profit		6,086,202	9,827,192
Administrative expenses		(5,263,526)	(8,342,681)
Operating profit	4	822,676	1,484,511
Interest receivable and similar income	8	10,524	10,132
Interest payable and similar expenses	9	(43)	-
Profit before taxation		833,157	1,494,643
Taxation	10	(155,145)	(322,050)
Profit for the financial year		678,012	1,172,593
Total comprehensive income for the year		678,012	1,172,593

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 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	13		1,519,111		309,367
Current assets					
Stocks	17	68,593		62,218	
Debtors	18	9,926,558		10,225,357	
Cash at bank and in hand		6,731,305		9,928,465	
		16,726,456		20,216,040	
Creditors: amounts falling due within one year	19	(10,261,658)		(13,236,204)	
Net current assets			6,464,798		6,979,836
Total assets less current liabilities			7,983,909		7,289,203
Provisions for liabilities			(16,694)		-
Net assets			7,967,215		7,289,203
Capital and reserves					
Called up share capital	22		299,342		299,342
Share premium account			53,289		53,289
Profit and loss reserves			7,614,584		6,936,572
Equity attributable to owners of the parent company			7,967,215		7,289,203

The financial statements were approved by the Board of Directors and authorised for issue on 7 June 2018 and are signed on its behalf by:

....

Simon J V Miesegaes
Finance Director

CCS GROUP PLC

COMPANY BALANCE SHEET

AS AT 31 MARCH 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	13		127,262		114,134
Investments	14		2,930,633		2,930,633
			3,057,895		3,044,767
Current assets					
Debtors	18	7,006,724		4,353,712	
Cash at bank and in hand		3,398,680		6,721,416	
		10,405,404		11,075,128	
Creditors: amounts falling due within one year	19	(3,743,193)		(5,197,289)	
Net current assets			6,662,211		5,877,839
Total assets less current liabilities			9,720,106		8,922,606
Capital and reserves					
Called up share capital	22		299,342		299,342
Share premium account			53,289		53,289
Profit and loss reserves			9,367,475		8,569,975
Total equity			9,720,106		8,922,606

As permitted by s408 Companies Act 2006, the Company has not presented its own profit and loss account and related notes. The Company's profit for the year was £797,500 (2017 - £1,308,266 profit).

The financial statements are drawn up to within one week of 31 March in each year (2018: (52 weeks) 1 April ; 2017: (53 weeks) 2 April).

The financial statements were approved by the Board of Directors and authorised for issue on 7 June 2018 and are signed on its behalf by:

....

Simon J V Miesegaes
Finance Director

Company Registration No. 03089060

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 April 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	11	-	-	(1,000,000)	(1,000,000)
Balance at 31 March 2017		299,342	53,289	6,936,572	7,289,203
Year ended 31 March 2018:					
Profit and total comprehensive income for the year		-	-	678,012	678,012
Balance at 31 March 2018		299,342	53,289	7,614,584	7,967,215

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 April 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	11	-	-	(1,000,000)	(1,000,000)
Balance at 31 March 2017		299,342	53,289	8,569,975	8,922,606
Year ended 31 March 2018:					
Profit and total comprehensive income for the year		-	-	797,500	797,500
Balance at 31 March 2018		299,342	53,289	9,367,475	9,720,106

GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	29		(1,514,603)		2,934,335
Interest paid			(43)		-
Income taxes (paid)/refunded			(200,000)		409,457
Net cash (outflow)/inflow from operating activities			(1,714,646)		3,343,792
Investing activities					
Purchase of tangible fixed assets		(1,517,088)		(216,373)	
Proceeds on disposal of tangible fixed assets		24,050		6,116	
Interest received		10,524		10,132	
Net cash used in investing activities			(1,482,514)		(200,125)
Financing activities					
Dividends paid to equity shareholders		-		(1,000,000)	
Net cash used in financing activities			-		(1,000,000)
Net (decrease)/increase in cash and cash equivalents			(3,197,160)		2,143,667
Cash and cash equivalents at beginning of year			9,928,465		7,784,798
Cash and cash equivalents at end of year			6,731,305		9,928,465

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 (2018: (52 weeks) 1 April ; 2017: (53 weeks) 2 April).

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 2018. 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 it is probable will be recovered.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life.

1.6 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)**

1.7 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.

1.8 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.

1.9 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.

1.10 Cash at bank and in hand

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)**

1.11 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.

1.12 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.

1.13 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.

1.14 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)**

1.15 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.

1.16 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.

1.17 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:

	2018	2017
	£	£
Turnover analysed by class of business		
Rail Construction Contracts	6,500	3,999,858
Support Works	10,027,064	9,239,493
Maintenance	24,478,145	32,947,740
Facilities	11,996,844	11,067,899
Welding	9,147,275	6,127,453
Training	470,099	431,434
Other	106,290	43,634
	56,232,217	63,857,511

	2018	2017
	£	£
Other significant revenue		
Interest income	10,524	10,132

4 Operating profit

	2018	2017
	£	£
Operating profit for the year is stated after charging:		
Depreciation of owned tangible fixed assets	303,077	301,007
(Profit)/loss on disposal of tangible fixed assets	(19,784)	7,163
Cost of stocks recognised as an expense	3,337,866	3,417,892
Operating lease charges	1,097,510	1,168,762

5 Auditor's remuneration

	2018	2017
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	32,500	31,300
	55,000	53,800
For other services		
Taxation compliance services	11,000	11,000
All other non-audit services	13,507	53,933
	24,507	64,933

6 Employees

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

	Group 2018 Number	2017 Number	Company 2018 Number	2017 Number
Management and administration	25	22	19	22
Production	518	653	105	123
	543	675	124	145

Their aggregate remuneration comprised:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Wages and salaries	16,100,961	18,768,234	7,591,991	8,362,924
Social security costs	1,546,183	1,668,496	856,953	938,875
Pension costs	216,919	343,982	196,712	343,982
	17,864,063	20,780,712	8,645,656	9,645,781

7 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	2,073,320	2,362,404
Company pension contributions to defined contribution schemes	33,011	183,540
	2,106,331	2,545,944

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2017 - 5).

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

	2018 £	2017 £
Remuneration for qualifying services	373,879	554,224
Company pension contributions to defined contribution schemes	10,000	10,000

8 Interest receivable and similar income

	2018	2017
	£	£
Interest income		
Interest on bank deposits	10,524	8,257
Other interest income	-	1,875
Total income	10,524	10,132

9 Interest payable and similar expenses

	2018	2017
	£	£
Other interest	43	-

10 Taxation

	2018	2017
	£	£
Current tax		
UK corporation tax on profits for the current period	140,500	322,050
Adjustments in respect of prior periods	(2,049)	-
Total current tax	138,451	322,050
Deferred tax		
Origination and reversal of timing differences	16,694	-
Total tax charge for the year	155,145	322,050

10 Taxation (Continued)

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

	2018 £	2017 £
Profit before taxation	833,157	1,494,643
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	158,300	298,929
Tax effect of expenses that are not deductible in determining taxable profit	21,935	21,261
Permanent capital allowances in excess of depreciation	(40,081)	4,794
Research and development tax credit	2,790	(15,311)
Other permanent differences	-	4,522
Under/(over) provided in prior years	(2,049)	-
Timing differences	(2,603)	7,307
Over provided in the current year	159	548
Deferred Tax	16,694	-
Taxation charge for the year	155,145	322,050

11 Dividends

	2018 £	2017 £
Interim paid	-	1,000,000

12 Intangible fixed assets

Group	Goodwill arising on acquisitions £
Cost	
At 1 April 2017 and 31 March 2018	2,540,678
Amortisation and impairment	
At 1 April 2017 and 31 March 2018	2,540,678
Carrying amount	
At 31 March 2018	-
At 31 March 2017	-

Company
The company had no intangible fixed assets at 31 March 2018 or 31 March 2017.

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 2017	710,209	1,350,826	799,820	795,494	3,656,349
Additions	467,794	264,364	101,437	683,493	1,517,088
Disposals	-	(161,572)	(19,574)	(211,676)	(392,822)
At 31 March 2018	1,178,003	1,453,618	881,683	1,267,311	4,780,615
Depreciation, amortisation and impairment					
At 1 April 2017	683,610	1,213,488	681,690	768,195	3,346,983
Depreciation and amortisation charged in the year	26,598	122,639	95,580	58,260	303,077
Eliminated in respect of disposals	-	(160,804)	(16,075)	(211,677)	(388,556)
At 31 March 2018	710,208	1,175,323	761,195	614,778	3,261,504
Carrying amount					
At 31 March 2018	467,795	278,295	120,488	652,533	1,519,111
At 31 March 2017	26,599	137,338	118,130	27,300	309,367

13 Tangible fixed assets (Continued)

Company	Short leasehold land and buildings	Fixtures, fittings & equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2017	178,761	266,691	1,281,408	532,176	2,259,036
Additions	-	3,524	82,086	-	85,610
Disposals	-	-	(160,891)	(144,119)	(305,010)
At 31 March 2018	178,761	270,215	1,202,603	388,057	2,039,636
Depreciation, amortisation and impairment					
At 1 April 2017	178,761	266,358	1,167,607	532,177	2,144,903
Depreciation and amortisation charged in the year	-	514	71,881	-	72,395
Eliminated in respect of disposals	-	-	(160,804)	(144,120)	(304,924)
At 31 March 2018	178,761	266,872	1,078,684	388,057	1,912,374
Carrying amount					
At 31 March 2018	-	3,343	123,919	-	127,262
At 31 March 2017	-	333	113,801	-	114,134

14 Fixed asset investments

		Group		Company	
		2018	2017	2018	2017
	Notes	£	£	£	£
Investments in subsidiaries	15	-	-	2,930,633	2,930,633

Movements in fixed asset investments

Company	Shares in group undertakings
	£
Cost or valuation	
At 1 April 2017 and 31 March 2018	2,930,633
Carrying amount	
At 31 March 2018	2,930,633
At 31 March 2017	2,930,633

15 Subsidiaries

Details of the company's subsidiaries at 31 March 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct	Indirect
CCS Rail Limited	1	Dormant	Ordinary	100.00	-
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

Registered Office address:

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

16 Financial instruments

	Group 2018	2017	Company 2018	2017
	£	£	£	£
Carrying amount of financial assets				
Debt instruments measured at amortised cost	3,375,755	6,649,259	n/a	n/a
Carrying amount of financial liabilities				
Measured at amortised cost	8,744,905	11,515,292	n/a	n/a

As permitted by the reduced disclosure framework within FRS 102, the company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments, denoted by 'n/a' above.

17 Stocks

	Group 2018	2017	Company 2018	2017
	£	£	£	£
Consumable materials	68,593	62,218	-	-

18 Debtors

	Group 2018	2017	Company 2018	2017
Amounts falling due within one year:	**£**	**£**	**£**	**£**
Trade debtors	3,247,831	6,541,658	24,744	24,693
Gross amounts due from contract customers	5,776,796	2,925,590	-	-
Corporation tax recoverable	39,500	-	39,500	-
Amounts owed by group undertakings	-	-	6,444,327	3,846,715
Other debtors	127,924	107,601	81,406	86,212
Prepayments and accrued income	734,507	650,508	416,747	396,092
	9,926,558	10,225,357	7,006,724	4,353,712

19 *Creditors: amounts falling due within one year*

	Group 2018	2017	Company 2018	2017
	£	**£**	**£**	**£**
Trade creditors	2,390,384	2,820,264	247,825	90,271
Corporation tax payable	-	22,050	-	22,050
Other taxation and social security	1,516,753	1,698,862	1,028,770	1,274,012
Other creditors	107,134	36,588	10,261	35,580
Accruals and deferred income	6,247,387	8,658,440	2,456,337	3,775,376
	10,261,658	13,236,204	3,743,193	5,197,289

20 Deferred taxation

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

	Liabilities 2018	Liabilities 2017
Group	**£**	**£**
Capital Allowances	16,694	-

The company has no deferred tax assets or liabilities.

20 Deferred taxation **(Continued)**

Movements in the year:	**Group 2018 £**	**Company 2018 £**
Liability at 1 April 2017	-	-
Charge to profit or loss	16,694	-
Liability at 31 March 2018	16,694	-

21 Retirement benefit schemes

Defined contribution schemes	**2018 £**	**2017 £**
Charge to profit and loss in respect of defined contribution schemes	216,919	343,982

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.

22 Share capital

	Group and company	
Ordinary share capital	**2018 £**	**2017 £**
Issued and fully paid		
299,342 Ordinary shares of £1 each	299,342	299,342

All the shares rank pari passu in all respects.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

23 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 2018 £	2017 £	Company 2018 £	2017 £
Within one year	1,121,990	880,000	770,000	770,000
Between two and five years	2,049,031	2,323,865	1,715,890	2,165,890
In over five years	790,444	987,667	563,200	906,667
	3,961,465	4,191,532	3,049,090	3,842,557

Lessor

At the reporting end date the group had contracted with tenants for the following minimum lease payments:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Within one year	38,614	28,921	-	-

24 Financial commitments, guarantees and contingent liabilities

There is a Composite Accounting Agreement 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.

25 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Acquisition of tangible fixed assets	715,000	-	-	-

26 Related party transactions

Transactions with related parties

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

	Rent & Service Charge		Professional Services	
	2018	2017	2018	2017
	£	£	£	£
Group				
Other related parties	901,214	500,132	2,395,867	2,472,800
Company				
Other related parties	500,000	159,634	2,395,867	2,472,800

The following amounts were outstanding at the reporting end date:

Amounts owed by related parties	2017 Balance £
Company	
Other related parties	24,693

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.

27 Directors' transactions

No dividends (2017 - £883,077) were paid in the year in respect of shares held by the company's directors.

28 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.

29 Cash generated from group operations

	2018	2017
	£	£
Profit for the year after tax	678,012	1,172,593
Adjustments for:		
Taxation charged	155,145	322,050
Finance costs	43	-
Investment income	(10,524)	(10,132)
(Gain)/loss on disposal of tangible fixed assets	(19,784)	7,163
Depreciation and impairment of tangible fixed assets	303,077	301,007
Movements in working capital:		
(Increase)/decrease in stocks	(6,375)	30,558
Decrease in debtors	406,276	3,794,433
(Decrease) in creditors	(3,020,473)	(2,683,337)
Cash (absorbed by)/generated from operations	(1,514,603)	2,934,335