

Company Registration No. 00769274 (England and Wales)

**TRANT ENGINEERING LIMITED AND
SUBSIDIARY COMPANIES**

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2018**



TRANT ENGINEERING LIMITED AND SUBSIDIARY COMPANIES

COMPANY INFORMATION

Directors	P M Trant G Somers S Trant M W Swallow S M Jordan A G Parker P F Trant T J Bullen C J Monaghan B M Dowd J A Henderson
Company number	00769274
Registered office	Rushington House Rushington Southampton Hampshire SO40 9LT
Auditor	RSM UK Audit LLP Chartered Accountants Highfield Court Tollgate Chandlers Ford Eastleigh Hampshire SO53 3TY
Business address	Rushington House Rushington Southampton Hampshire SO40 9LT
Bankers	National Westminster Bank Plc PO Box 352 43-49 London Road Southampton Hampshire SO15 2BL

TRANT ENGINEERING LIMITED AND SUBSIDIARY COMPANIES

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

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

Fair review of the business

The corporate parent evaluates the performance of the business primarily on Turnover, Operating Profit, Order Book, Cashflow, Safety, the environment, Our People, Professional Conduct and ethics. The core activities of the business continue to be delivery of major infrastructure projects through the design, offsite manufacture and Assembly, engineering, procurement and construction across the disciplines of civil, mechanical, electrical and process engineering.

Strategic review

The corporate parent evaluates the performance of the business primarily on Turnover, Operating Profit, Order Book, Cashflow, Safety, the environment, Our People, Professional Conduct and ethics.

Financial Performance

The business reports a turnover (including its share of joint ventures) of £120.5m for the year as we continue to deliver integrated engineering projects across an expansive and balanced portfolio of clients. This is supported through the evolution of upstreaming the company through the further strengthening of inhouse design capabilities, control & automation and offsite manufacturing & assembly to complement our core markets of Petrochemical, Energy, International, Water & Process and Capital Infrastructure Projects. The petrochemical and Water & Process sectors have performed well throughout the year producing satisfactory result in terms of turnover, profit and work in hand. The international sector continues to grow through the award of further overseas projects, most notably our inaugural project in Singapore. The business's gross profit reduced slightly to £7.1M whilst operating profit is reported at moderate £1.4M which is attributable to a poor performing contract for which we have recognised in full the projected end life losses within the year. The liquidity ratio of the group continues to be satisfactory with a growth to 1.33. The return on capital employed (ROCE) is 12.29% thus illustrating the continued focus to invest efficiently in the correct assets throughout the year. Working capital increased to £8.2m which is reflective of the large long-term contracts now undertaken by the business.

The business continues to retain and develop relationships with keys clients in core markets whilst also identifying opportunities to diversify with new clients, delivering projects which are commensurate to the resources and capabilities of the business. The business is pleased to report an order book of £125M of secured work at the year end.

Research and Development

Our commitment to Research and Development has again been resolute as we repeatedly invest in our initiative to deliver enhanced value for our clients. This investment is evident through the development of life cycle management processes, technological and scientific advances in overcoming issues and challenges. Within the year, we have produced and presented technical white papers on such issues as Advance Cyclic Activated Sludge and An Advanced Oxidation Process. Qualifying research and development expenditure is estimated to be in excess of £2.5M for the current year illustrating the magnitude of this investment to the future of the business.

TRANT ENGINEERING LIMITED AND SUBSIDIARY COMPANIES

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Resources

The human resources of the business continue to be a paramount importance. This is evident through the continuous investment in the personnel employed by the company. We recognise that a highly motivated, engaged and skilled workforce is fundamental to sustainable success. Aligned to this, our commitment to the training development and the upskilling of our people has been unwavering. We provide opportunities to all employees through our graduate and apprenticeship programme which delivers technical training, engineering capability and holistic personal development to the candidates. These initiatives have produced accreditation to globally recognised institutions such as the Institute of Civil Engineers (ICE), Institute of Mechanical Engineers (IMechE), Institute of Engineering and Technology (IET), Royal Institute of Chartered Surveyors or Chartered Institute of Management Accounts (CIMA), HNC/HND and NVQ qualifications. We acknowledge that these level of competences and professionalism are beneficial to all stakeholders inclusive of the client, the employee and our business. We are pleased to report that our apprenticeship initiatives have facilitated an employee to be awarded the Outstanding Apprentice of the year in the annual National Construction College Awards.

We have again conducted the Personal Development Reviews with all members of staff whereby performance and aspirations can be reviewed by both the employer and employee. This level of engagement has been found to greatly benefit both parties. The company continues to enjoy high retention of staff and the subsequent long service of employees which is crucial to highly motivated and skilled workforce.

The business is an equal opportunities employer and all applications are fully and fairly considered in accordance with the aptitudes and abilities of the applicant. Employees are kept informed on matters affecting the general financial and economic factor affecting the group.

Health and Safety

The company's health and safety processes and managements systems continue to be developed and implemented to the highest standards supported by accreditation to ISO 9001 and ISO 14001 and ISO 45001. Our policies, practices and operating standard are reviewed regularly to ensure the inherent risks to the stakeholder of business are mitigated and ultimately eliminated. Our management systems demand that these are audited both internally and externally to ensure continuous compliance. We maintain our active accreditation to British Safety Council, Achilles, CHAS and the Hampshire HSE Group.

This is evident through our RIDDOR Frequency Rate for the year being one sixth of the construction industry average at 0.1 based on 2.1M manhours. Our continuous focus on promotion of good HSE practice has received recognition from ROSPA by being awarded the Patrons Award for 30 consecutive years of Gold Awards.

Current Health & Safety Initiatives include:

- Successful registration for ISO 45001 to improve employee safety, reduce workplace risks and create better, safer working conditions.
- Constant focus on continual mental risk assessments and onsite work-based discussions.
- Greater focus on leadership direction, performance analysis, and continuous improvement.
- Delivering and reporting on behavioural Key Performance Indicators including safety spots.

TRANT ENGINEERING LIMITED AND SUBSIDIARY COMPANIES

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Principal risk and uncertainty

The board of directors and corporate parent undertake continuous risk assessment for the business and environment in which we operate as supported by our corporate risk register. The challenge faced by the board is to mitigate these risks accordingly to minimise the residual risk.

Contract Risk

The business continues to focus on a balanced portfolio across each sector and client to mitigate over exposure to any one external factor. This diversified approach is at the forefront of strategic planning within the business through the undertaking of a blend of long terms and short terms contracts on both compliance based work and non regulatory driven expenditure.

Brexit Risk

The board of directors and senior management have risk assessed the potential outcomes of Brexit. Following the risk assessment, the business has mitigated the risk through appropriate actions and are pleased to report that the residual risk is minimal. Our current order book is healthy which is supported by balanced portfolio of frameworks contracts based on compliance and regulatory requirements for the upgrade and maintenance of critical assets for major clients such as Southern Water, National Grid, ExxonMobil. The risk of currency volatility is managed through delivering contracts whereby income is realised in Pound Sterling and foreign currency expenditure is forecast and purchased in advance at a spot rate. We have put processes in place to monitor the fluctuation of foreign exchange in relation to the GBP.

We are reviewing our workforce and liaising and supporting them to achieve settled status. We also continue to upskill and promote internally in order to add further robustness to our resource pool. Modern Slavery

Trant Engineering Ltd is committed to eliminating acts of modern slavery and human trafficking from within its business and supply chain and imposes the same high standards on its suppliers. The Board of Directors are committed to preventing slavery and human trafficking within its business activities and supply chains assuring the effectiveness of any actions taken and future action planning. Our modern slavery statement made in accordance with section 54 (1) of the Modern Slavery Act 2015 addresses matter such as Organisation Scope, countries of operation and supply, policies, due diligence, risk and compliance, performance indicators and training for our workforce.

Strategic Outlook

The board are confident in delivering positive results within the forthcoming year. The ongoing organic investment into our governance structure, business management system and particularly commercial reporting procedure will provide a strong basis for increased turnover, profit and cash generation in the year. The order book for secured work for 2019 amounts to £125M with the majority being based on framework contracts. The business is positioned for sustainable success following the continued investment in people, innovation and the upstreaming of the business. Furthermore, the integration of business functions such as product development, Offsite manufacture & assembly, control & automation and holistic Innovation Design Solutions allows us to retain control of critical path activities on our projects. This will facilitate the business in onsite delivery of projects across a balanced spectrum of clients and projects based on compliance and regulatory requirements for the upgrade and maintenance of critical infrastructure assets

On behalf of the board



P F Trant

Director

24 May 2019

TRANT ENGINEERING LIMITED AND SUBSIDIARY COMPANIES

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

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

Principal activities

The principal activity of the company and group continued to focus mainly on the disciplines of civil, mechanical and electrical engineering.

Directors

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

P M Trant	
G Somers	
S Trant	
M W Swallow	
S M Jordan	
A G Parker	
P F Trant	
T J Bullen	
C J Monaghan	
B M Dowd	(Appointed 8 January 2018)
J A Henderson	(Appointed 8 January 2018)

Results and dividends

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

Ordinary dividends were paid amounting to £732,400 (2017 - £635,600). The directors do not recommend payment of a further dividend.

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

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, through unions, 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.

Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

TRANT ENGINEERING LIMITED AND SUBSIDIARY COMPANIES

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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 company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Financial instruments

The group finances its operations through a mixture of retained profits and where necessary to fund expansion or capital expenditure programmes through bank borrowings. The management's objectives are to:

- retain sufficient liquid funds to enable it to meet its day to day obligations as they fall due whilst maximising returns on surplus funds; and
- minimise the group's exposure to fluctuating interest rates when seeking new borrowings; and
- match the repayment schedule of any external borrowings or overdrafts with the expected future cash flows expected to arise from the group's trading activities.

Hedge accounting is not used by the group.

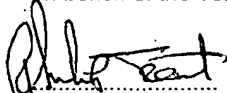
As all of the group's surplus funds are invested in sterling bank deposit accounts and its borrowings are all obtained from standard bank loan accounts there is no price risk exposure.

The group's surplus funds are held primarily in short term variable rate deposit accounts. The directors believe that this gives them the flexibility to release cash resources at short notice and also allows them to take advantage of changing conditions in the finance markets as they arise. All deposits are with reputable UK banks. The directors believe their choice of bank minimises any risk.

Matters of strategic importance

Information is not shown within the Directors' Report as it is instead included within the Strategic Report on pages 1-3 under S414c(11).

On behalf of the board



P F Trant
Director

Date: 24 May 2019

TRANT ENGINEERING LIMITED AND SUBSIDIARY COMPANIES

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors are responsible for preparing the Strategic Report and the Directors' 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRANT ENGINEERING LIMITED AND SUBSIDIARY COMPANIES

Opinion

We have audited the financial statements of Trant Engineering Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the consolidated statement of comprehensive income, the consolidated and company statement of financial position, the consolidated and company statement of changes in equity, consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 December 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRANT ENGINEERING LIMITED AND SUBSIDIARY COMPANIES (CONTINUED)

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 their 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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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 set out on page 6, 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.

Use of our 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.



Paul Anthony (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Highfield Court
Tollgate
Chandlers Ford
Eastleigh
Hampshire, SO53 3TY

24 May 2019

TRANT ENGINEERING LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

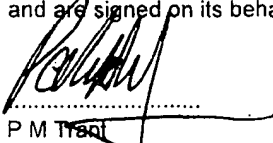
	Notes	2018 £'000	2017 £'000
Sales attributable to the group		120,425	128,507
Less share of jointly controlled entities turnover		(19,399)	(16,813)
Turnover	3	101,026	111,694
Cost of sales		(93,897)	(104,389)
Gross profit		7,129	7,305
Administrative expenses		(6,050)	(6,183)
Other operating income		359	731
Operating profit	4	1,438	1,853
Share of results of associates and joint ventures		-	18
Interest receivable and similar income	8	2	2
Interest payable and similar expenses	9	(38)	(42)
Other gains and losses		(1)	-
Profit on ordinary activities before taxation		1,401	1,831
Taxation	10	(211)	(317)
Profit for the financial year	29	1,190	1,514

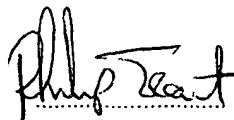
Total comprehensive income for the year is all attributable to the owners of the parent company.

TRANT ENGINEERING LIMITED AND SUBSIDIARY COMPANIES**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2018**

	Notes	2018 £'000	2017 £'000
Fixed assets			
Tangible assets	12	3,244	3,496
Investments	13	265	265
		<u>3,509</u>	<u>3,761</u>
Current assets			
Stocks	16	961	1,229
Debtors falling due after one year	18	2,898	3,207
Debtors falling due within one year	18	28,453	30,672
Investments	19	-	1
Cash at bank and in hand		884	56
		<u>33,196</u>	<u>35,165</u>
Creditors: amounts falling due within one year	20	<u>(25,001)</u>	<u>(27,511)</u>
Net current assets		<u>8,195</u>	<u>7,654</u>
Total assets less current liabilities		<u>11,704</u>	<u>11,415</u>
Creditors: amounts falling due after more than one year	21	(601)	(602)
Provisions for liabilities	25	<u>(1,974)</u>	<u>(2,142)</u>
Net assets		<u><u>9,129</u></u>	<u><u>8,671</u></u>
Capital and reserves			
Called up share capital	28	30	30
Profit and loss reserves	29	9,099	8,641
Total equity attributable to owners of the parent company		<u><u>9,129</u></u>	<u><u>8,671</u></u>

The financial statements were approved by the board of directors and authorised for issue on 24th May 2019 and are signed on its behalf by:


P M Trant
Director

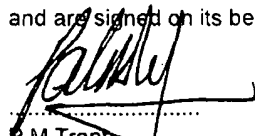

P F Trant
Director

TRANT ENGINEERING LIMITED AND SUBSIDIARY COMPANIES**COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2018**

	Notes	2018 £'000	2017 £'000
Fixed assets			
Tangible assets	12	3,244	3,496
Investments	13	55	55
		<u>3,299</u>	<u>3,551</u>
Current assets			
Stocks	16	961	1,229
Debtors falling due after more than one year	18	2,898	3,207
Debtors falling due within one year	18	28,463	30,678
Investments	19	-	1
Cash at bank and in hand		876	55
		<u>33,198</u>	<u>35,170</u>
Creditors: amounts falling due within one year	20	<u>(25,021)</u>	<u>(27,534)</u>
Net current assets		<u>8,177</u>	<u>7,636</u>
Total assets less current liabilities		<u>11,476</u>	<u>11,187</u>
Creditors: amounts falling due after more than one year	21	(601)	(602)
Provisions for liabilities	25	<u>(1,974)</u>	<u>(2,142)</u>
Net assets		<u><u>8,901</u></u>	<u><u>8,443</u></u>
Capital and reserves			
Called up share capital	28	30	30
Profit and loss reserves	29	8,871	8,413
Total equity		<u><u>8,901</u></u>	<u><u>8,443</u></u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's profit for the year was £1,189,823 (2017 - £1,496,019).

The financial statements were approved by the board of directors and authorised for issue on
and are signed on its behalf by:


P M Trant
Director


P F Trant
Director

21st May 2019

TRANT ENGINEERING LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share capital £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 January 2017		30	7,763	7,793
Year ended 31 December 2017:				
Profit and total comprehensive income for the year		-	1,514	1,514
Dividends	11	-	(636)	(636)
Balance at 31 December 2017		30	8,641	8,671
Year ended 31 December 2018:				
Profit and total comprehensive income for the year		-	1,190	1,190
Dividends	11	-	(732)	(732)
Balance at 31 December 2018		30	9,099	9,129

TRANT ENGINEERING LIMITED AND SUBSIDIARY COMPANIES

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share capital £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 January 2017		30	7,553	7,583
Year ended 31 December 2017:				
Profit and total comprehensive income for the year		-	1,496	1,496
Dividends	11	-	(636)	(636)
Balance at 31 December 2017		30	8,413	8,443
Year ended 31 December 2018:				
Profit and total comprehensive income for the year		-	1,190	1,190
Dividends	11	-	(732)	(732)
Balance at 31 December 2018		30	8,871	8,901

TRANT ENGINEERING LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £'000	2017 £'000
Cash flows from operating activities			
Cash generated from operations	34	3,760	1,210
Interest paid		(38)	(42)
Income taxes paid		(176)	(329)
Net cash inflow from operating activities		<u>3,546</u>	<u>839</u>
Investing activities			
Purchase of tangible fixed assets		(38)	(90)
Proceeds on disposal of tangible fixed assets		143	36
Proceeds from other investments and loans		60	28
Interest received		2	2
Net cash generated from/(used in) investing activities		<u>167</u>	<u>(24)</u>
Financing activities			
Payment of finance leases obligations		(692)	(770)
Dividends paid to equity shareholders		(732)	(636)
Net cash used in financing activities		<u>(1,424)</u>	<u>(1,406)</u>
Net increase/(decrease) in cash and cash equivalents		<u>2,289</u>	<u>(591)</u>
Cash and cash equivalents at beginning of year		(1,405)	(814)
Cash and cash equivalents at end of year		<u><u>884</u></u>	<u><u>(1,405)</u></u>
Relating to:			
Cash at bank and in hand		884	56
Bank overdrafts included in creditors payable within one year		-	(1,461)
		<u><u>884</u></u>	<u><u>(1,405)</u></u>

TRANT ENGINEERING LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

Trant Engineering Limited ("the company") is a private company limited by shares incorporated in England and Wales. The registered office and principal place of business is Rushington House, Rushington, Southampton, Hampshire, SO40 9LT.

The group consists of Trant Engineering Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the Directors' Report.

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, including the provisions for the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention. The principal accounting policies are set out below.

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 £'000, except where otherwise indicated.

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

The Company has taken advantage of the exemption from disclosing the following information in its company only accounts, as permitted by the reduced disclosure regime within FRS 102:-

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts for financial instruments measured at amortised cost or cost less impairment; interest income/expense and net gains/losses for financial instruments measured at amortised cost; loan defaults or breaches, and descriptions of hedging relationships.
- Section 33 'Related Party Disclosures' – Compensation for key management personnel

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 is disclosed on page 11.

Basis of consolidation

The consolidated financial statements incorporate those of Trant Engineering Limited 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). Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 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.

TRANT ENGINEERING LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (Continued)

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group and 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.

Turnover

Turnover in the statement of comprehensive income arises from increases in valuations being work certified on contracts, excluding VAT in the year.

Turnover on term contracts is recognised upon completion of each contractual element of the contract.

Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

Tangible fixed assets

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

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Plant and equipment	10-20% straight line
Fixtures and fittings	10-33% straight line
Motor vehicles	15-20% straight line

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 credited or charged to profit or loss.

Fixed asset investments

Interests in subsidiaries and associates are initially measured at cost and subsequently measured at cost less impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit and loss.

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

Jointly controlled entities

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

The groups share of the results, other comprehensive income and equity of jointly controlled entities are accounted for using the equity method based on the jointly controlled entity's financial statements to 31 December.

Losses in a jointly controlled entity that reduce the carrying amount of the investment in the jointly controlled entity to below zero are not recognised, but a provision is recognised to the extent that the Group has an obligation or has made payments on behalf of the jointly controlled entity.

In the separate accounts of the company, interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

TRANT ENGINEERING LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (Continued)

Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible 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).

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset. A reversal of an impairment loss is recognised immediately in profit or loss.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Profit on long term contracts is taken as the work is carried out if the financial outcome can be assessed with reasonable certainty. The company's policy is that the outcome can be assessed with reasonable certainty when the contract is substantially complete, and no profit is recognised before this point.

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

Where the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as expenses in the period in which they are incurred and contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable.

Cash and cash equivalents

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

Financial instruments

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

Financial instruments are recognised 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.

TRANT ENGINEERING LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (Continued)

Basic financial assets

Basic financial assets, which include trade and other 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

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. The impairment loss 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.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, 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 payments discounted at a market rate of interest.

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

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the group's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the group are recorded at the fair value of 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.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

TRANT ENGINEERING LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (Continued)

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income and expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to allow for tax in a future period except where the group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

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.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

TRANT ENGINEERING LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (Continued)

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.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

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 accounting estimates and assumptions

The estimates and assumptions which have the most significant impact on the amounts recognised in the financial statements are as follows:

Provisions

The remedial provision of £1,942,524 is based on managements best estimate of costs to be incurred during the maintenance period. Managements estimate is based on historic cost trends.

Percentage completion

Revenue and profits are recognised according to stage completion of a contract. As a contract can run for a number of years this is a judgement area. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs.

Overhead allocation

Management estimate overhead costs allocated to contracts to be in line with historic overheads actually incurred.

TRANT ENGINEERING LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

3 Turnover and other revenue

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

	2018 £'000	2017 £'000
Turnover analysed by class of business		
Civil, mechanical and electrical engineering	101,026	111,694
Share of turnover from jointly controlled entities	19,399	16,813
	<u>120,425</u>	<u>128,507</u>

Turnover analysed by geographical market

	2018 £'000	2017 £'000
United Kingdom	91,727	89,977
Rest of World	9,299	21,717
	<u>101,026</u>	<u>111,694</u>

4 Operating profit

	2018 £'000	2017 £'000
Operating profit for the year is stated after charging:		
Research and development costs	2,137	2,144
Depreciation of owned tangible fixed assets	616	594
Depreciation of tangible fixed assets held under finance leases	312	350
Loss on disposal of tangible fixed assets	15	25
Cost of stocks recognised as an expense	19,381	18,444
Operating lease charges	57	72
	<u></u>	<u></u>

5 Auditor's remuneration

	2018 £'000	2017 £'000
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the group and company	40	39
For other services		
Taxation compliance services	10	10
All other non-audit services	9	9
	<u>19</u>	<u>19</u>

TRANT ENGINEERING LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

6 Employees

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

	2018 Number	2017 Number
Direct staff	473	422
Administrative staff	58	86
Directors	11	11
	<u>542</u>	<u>519</u>

The average monthly number of persons (including directors) employed by the company during the year was 538 (2017 - 517).

Their aggregate remuneration comprised:

	2018 £'000	2017 £'000
Wages and salaries	21,919	20,493
Social security costs	2,067	1,960
Pension costs	435	387
	<u>24,421</u>	<u>22,840</u>

7 Directors' remuneration

	2018 £'000	2017 £'000
Remuneration for qualifying services	700	518
Company pension contributions to defined contribution schemes	36	69
	<u>736</u>	<u>587</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 7 (2017 - 10).

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

	2018 £'000	2017 £'000
Remuneration for qualifying services	107	100
Company pension contributions to defined contribution schemes	8	8
	<u>115</u>	<u>108</u>

TRANT ENGINEERING LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

8 Interest receivable and similar income

	2018	2017
	£'000	£'000
Interest income		
Other interest income	2	2
	<u>2</u>	<u>2</u>

9 Interest payable and similar expenses

	2018	2017
	£'000	£'000
Other finance costs:		
Interest on finance leases and hire purchase contracts	37	42
Other interest	1	-
	<u>38</u>	<u>42</u>
Total finance costs	<u>38</u>	<u>42</u>

10 Taxation

	2018	2017
	£'000	£'000
Current tax		
UK corporation tax on profits for the current period	266	369
Adjustments in respect of prior periods	(14)	(15)
	<u>252</u>	<u>354</u>
Total current tax	<u>252</u>	<u>354</u>
Deferred tax		
Origination and reversal of timing differences	(40)	(37)
Adjustment in respect of prior periods	(1)	-
	<u>(41)</u>	<u>(37)</u>
Total deferred tax	<u>(41)</u>	<u>(37)</u>
Total tax charge for the year	<u>211</u>	<u>317</u>

TRANT ENGINEERING LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

10 Taxation (Continued)

The charge for the year can be reconciled to the (loss)/profit per the income statement as follows:

	2018 £'000	2017 £'000
Profit before taxation	1,401	1,831
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	266	352
Tax effect of expenses that are not deductible in determining taxable profit	3	27
Adjustments in respect of prior years	(14)	(15)
Research and development tax credit	(44)	(43)
Joint venture losses	-	(4)
Taxation charge for the year	211	317

On 1 April 2017 the corporation tax rate for UK company profits changed from 20% to 19%. The rate will reduce again at 1 April 2020 to 17%.

11 Dividends

	2018 £'000	2017 £'000
Interim paid	732	636

TRANT ENGINEERING LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

12 Tangible fixed assets

Group	Plant and equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 January 2018	4,564	301	4,650	9,515
Additions	127	-	707	834
Disposals	(390)	-	(667)	(1,057)
At 31 December 2018	4,301	301	4,691	9,293
Depreciation and impairment				
At 1 January 2018	3,090	258	2,671	6,019
Depreciation charged in the year	315	22	591	928
Eliminated in respect of disposals	(276)	-	(623)	(899)
At 31 December 2018	3,130	280	2,639	6,049
Carrying amount				
At 31 December 2018	1,171	21	2,052	3,244
At 31 December 2017	1,474	43	1,979	3,496
Company	Plant and equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 January 2018	4,564	271	4,650	9,485
Additions	127	-	707	834
Disposals	(390)	-	(667)	(1,057)
At 31 December 2018	4,301	271	4,691	9,263
Depreciation and impairment				
At 1 January 2018	3,090	228	2,671	5,989
Depreciation charged in the year	315	22	591	928
Eliminated in respect of disposals	(276)	-	(623)	(899)
At 31 December 2018	3,130	250	2,639	6,019
Carrying amount				
At 31 December 2018	1,171	21	2,052	3,244
At 31 December 2017	1,474	43	1,979	3,496

TRANT ENGINEERING LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

12 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Plant and equipment	532	613	532	613
Motor vehicles	1,305	1,012	1,305	1,012
	<u>1,837</u>	<u>1,625</u>	<u>1,837</u>	<u>1,625</u>
Depreciation charge for the year in respect of leased assets	312	350	312	350
	<u>312</u>	<u>350</u>	<u>312</u>	<u>350</u>

13 Fixed asset investments

		Group		Company	
		2018	2017	2018	2017
	Notes	£'000	£'000	£'000	£'000
Investments in joint ventures	15	260	260	50	50
Unlisted investments		5	5	5	5
		<u>265</u>	<u>265</u>	<u>55</u>	<u>55</u>

Movements in fixed asset investments

Group	Shares
	£'000
Cost or valuation	
At 1 January 2018	265
Share of results of joint entities	-
	<u>265</u>
Carrying amount	
At 31 December 2018	265
	<u>265</u>
At 31 December 2017	265
	<u>265</u>

TRANT ENGINEERING LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

13 Fixed asset investments (Continued)

Movements in fixed asset investments
Company

Shares
£'000

Cost or valuation

At 1 January 2018 & 31 December 2018

55

Carrying amount

At 31 December 2018

55

At 31 December 2017

55

14 Subsidiaries

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

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
P Trant (Guernsey) Limited	(1)	Construction and civil engineering	Ordinary	100.00	-
P Trant (Jersey) Limited	(2)	Construction and civil engineering	Ordinary	100.00	-
Rocksand Properties Limited	(1)	Dormant	Ordinary	-	100.00
Trant Falkland Islands Limited	(3)	Dormant	Ordinary	100.00	-

(1) - Mont Crevelt House, Bulwer Avenue, St Sampson, Guernsey, Channel Islands, GY2 4LH

(2) - Kensington Chambers, 46/50 Kensington Place, St Helier, Jersey, Channel Islands, JE1 1ET

(3) - Crozier Place, Stanley, Falklands, FIQQ 1ZZ

15 Joint ventures

Details of joint ventures at 31 December 2018 are as follows:

Name of undertaking and registered office or principal place of business		Nature of business	Class of shareholding	% Held Direct
Geotrant Limited	(1)	Construction and civil engineering	Ordinary	50.00
Barhale Trant Utilities LLP	(2)	Construction and civil engineering	Ordinary	50.00
South Atlantic Construction Company	(3)	Construction and civil engineering	Ordinary	50.00

TRANT ENGINEERING LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

15 Joint ventures (Continued)

(1) - Mont Crevelt House, Bulwer Avenue, St Sampson, Guernsey, Channel Islands, GY2 4LH

(2) - Barhale House, Bescot Crescent, Walsall, West Midlands, WS1 4NN

(3) - Crozier Place, Stanley, Falklands, FIQQ 1ZZ

16 Stocks

	Group 2018 £'000	2017 £'000	Company 2018 £'000	2017 £'000
Raw materials and consumables	961	1,229	961	1,229

17 Construction contracts

	Group 2018 £'000	2017 £'000	Company 2018 £'000	2017 £'000
Contracts in progress at the reporting date				
Gross amounts due from contract customers included in debtors	9,235	11,481	9,235	11,481
Gross amounts due to contract customers included in creditors	(2,104)	(2,052)	(2,104)	(2,052)
Contract revenues recognised				
Contract costs incurred plus recognised profits less recognised losses to date	101,026	111,694	101,026	111,694

TRANT ENGINEERING LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

18 Debtors

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	11,469	11,148	11,468	11,147
Gross amounts owed by contract customers	9,235	11,481	9,235	11,481
Corporation tax recoverable	50	60	50	60
Amounts owed by group undertakings	5,781	6,213	5,792	6,220
Amounts owed by undertakings in which the company has a participating interest	937	1,052	937	1,052
Other debtors	500	215	500	215
Prepayments and accrued income	481	503	481	503
	<u>28,453</u>	<u>30,672</u>	<u>28,463</u>	<u>30,678</u>
Amounts falling due after more than one year:				
Trade debtors	<u>2,898</u>	<u>3,207</u>	<u>2,898</u>	<u>3,207</u>
Total debtors	<u>31,351</u>	<u>33,879</u>	<u>31,361</u>	<u>33,885</u>

19 Current asset investments

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Listed investments	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>
Listed investments included above:				
Listed investments carrying amount	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>

TRANT ENGINEERING LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

20 Creditors: amounts falling due within one year

	Notes	Group 2018 £'000	2017 £'000	Company 2018 £'000	2017 £'000
Bank loans and overdrafts	23	-	1,461	-	1,461
Obligations under finance leases	24	637	532	637	532
Trade creditors		18,519	19,071	18,519	19,071
Gross amounts due to contract customers		2,104	2,052	2,104	2,052
Amounts due to group undertakings		5	259	25	282
Amounts due to undertakings in which the group has a participating interest		277	259	277	259
Corporation tax payable		182	115	182	115
Other taxation and social security		1,563	1,653	1,563	1,653
Other creditors		149	249	149	249
Accruals and deferred income		1,565	1,860	1,565	1,860
		<u>25,001</u>	<u>27,511</u>	<u>25,021</u>	<u>27,534</u>

Obligations under finance leases are secured upon the assets to which they relate.

21 Creditors: amounts falling due after more than one year

	Notes	Group 2018 £'000	2017 £'000	Company 2018 £'000	2017 £'000
Obligations under finance leases	24	<u>601</u>	<u>602</u>	<u>601</u>	<u>602</u>

Obligations under finance leases are secured upon the assets to which they relate.

22 Financial instruments

	Group 2018 £'000	2017 £'000	Company 2018 £'000	2017 £'000
Carrying amount of financial assets				
Debt instruments measured at amortised cost	30,820	33,316	n/a	n/a
Equity instruments measured at cost less impairment	<u>5</u>	<u>6</u>	<u>n/a</u>	<u>n/a</u>
Carrying amount of financial liabilities				
Measured at amortised cost	<u>22,292</u>	<u>24,484</u>	<u>n/a</u>	<u>n/a</u>

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.

TRANT ENGINEERING LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

23 Borrowings

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Bank overdrafts	-	1,461	-	1,461
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Payable within one year	-	1,461	-	1,461
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The bank overdraft is secured via a cross guarantee and by a legal charge with the other companies in the group. Bank overdrafts are subject to regular reviews.

24 Finance lease obligations

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Future minimum lease payments due under finance leases:				
Less than one year	669	560	669	560
Between one and five years	636	638	636	638
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	1,305	1,198	1,305	1,198
Less: future finance charges	(67)	(65)	(67)	(65)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	1,238	1,133	1,238	1,133
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

25 Provisions for liabilities

		Group		Company	
		2018	2017	2018	2017
	Notes	£'000	£'000	£'000	£'000
Remedial provision		1,943	2,069	1,943	2,069
Deferred tax liabilities	26	31	73	31	73
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
		1,974	2,142	1,974	2,142
		<u> </u>	<u> </u>	<u> </u>	<u> </u>

TRANT ENGINEERING LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

25 Provisions for liabilities (Continued)

Movements on provisions apart from deferred tax liabilities:

Group	Remedial provision £'000
At 1 January 2018	2,069
Reversal of provision	(126)
At 31 December 2018	1,943
Company	Remedial provision £'000
At 1 January 2018	2,069
Reversal of provision	(126)
At 31 December 2018	1,943

The remedial provision represents the expected costs to be incurred during the maintenance period. The period is specified in the initial contract and is typically a period of one to five years from the point of substantial completion. The cost will vary on a contract by contract basis.

26 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 £'000	Liabilities 2017 £'000
Group		
Accelerated capital allowances	41	83
Tax losses	(10)	(10)
	31	73

TRANT ENGINEERING LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

26 Deferred taxation (Continued)

	Liabilities 2018 £'000	Liabilities 2017 £'000
Company		
Accelerated capital allowances	41	83
Tax losses	(10)	(10)
	<u>31</u>	<u>73</u>
	<u>31</u>	<u>73</u>
	Group 2018 £'000	Company 2018 £'000
Movements in the year:		
Liability at 1 January 2018	73	73
Credit to profit or loss	(42)	(42)
	<u>31</u>	<u>31</u>
	<u>31</u>	<u>31</u>

It is not possible to quantify amounts which will reverse within 12 months due to the liability relating to accelerated capital allowances.

27 Retirement benefit schemes

	2018 £'000	2017 £'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	435	387
	<u>435</u>	<u>387</u>

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. Contributions totalling £102,026 (2017 - £58,699) were payable to the funds at the year end and are included in creditors.

28 Share capital

	Group and company 2018 £'000	2017 £'000
Ordinary share capital		
Issued and fully paid		
30,000 Ordinary shares of £1 each	30	30
	<u>30</u>	<u>30</u>

The ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights. They do not confer any rights of redemption.

TRANT ENGINEERING LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

29 Reserves

Profit and loss reserves

This represents cumulative profit and loss net of distribution to owners.

30 Financial commitments, guarantees and contingent liabilities

The company is registered with H·M Revenue and Customs as a member of a group for VAT purposes and as a result is jointly and severally liable on a continuing basis for amounts owing by other members of that group in respect of unpaid VAT. The total value of the VAT liability of the group at 31 December 2018 was £813,169 (2017 - £913,042)

31 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	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Within one year	33	52	33	52
Between one and five years	47	84	47	84
	<u>80</u>	<u>136</u>	<u>80</u>	<u>136</u>

32 Related party transactions

Transactions with related parties

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

	Sale of goods		Purchase of goods	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Group				
Subsidiaries not wholly owned in the group	49	74	1	-
Jointly controlled entity and associate	1,041	860	38	88
Entities related to key management personnel	85	18	-	36
	<u></u>	<u></u>	<u></u>	<u></u>

TRANT ENGINEERING LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

32 Related party transactions (Continued)

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2018	2017
	£'000	£'000
Group		
Jointly controlled entity and associate	277	259
Entities related to key management personnel	-	43
	<u>277</u>	<u>302</u>

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2018	2017
	£'000	£'000
Group		
Subsidiaries not wholly owned in the group	15	60
Jointly controlled entity and associate	936	1,052
Entities related to key management personnel	473	481
	<u>1,424</u>	<u>1,593</u>

Included within amounts due from entities related to key management personnel is a loan of £56,500 at 0% interest.

The following directors had interest free loans in the year. The movement on these loans are as follows:

	2018	2017	Maximum balance
	£'000	£'000	£'000
P M Trant	21	91	91
S Trant	10	10	10
J Henderson	20	-	21
C Monaghan	1	-	2
	<u>52</u>	<u>101</u>	<u>124</u>

33 Controlling party

The ultimate and immediate parent undertaking is Trant Holding Company Limited, a company registered in England and Wales.

Trant Holding Company Limited prepares group financial statements. Copies can be obtained from Rushington House, Rushington, Southampton, Hampshire, SO40 9LT.

The smallest and largest group in which this company is consolidated is that headed by Trant Holding Company Limited.

P M Trant is the major shareholder of the parent company, his holding together with that of his family gives the Trant family ultimate control.

TRANT ENGINEERING LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2018**

34 Cash generated from group operations

	2018	2017
	£'000	£'000
Profit for the year after tax	1,190	1,514
Adjustments for:		
Share of results of associates and joint ventures	-	(18)
Taxation charged	211	317
Finance costs	38	42
Investment income	(2)	(2)
Loss on disposal of tangible fixed assets	15	25
Depreciation and impairment of tangible fixed assets	928	944
Loss on sale of investments	1	-
(Decrease)/increase in provisions	(126)	142
Movements in working capital:		
Decrease/(increase) in stocks	268	(543)
Decrease in debtors	2,458	5,434
(Decrease) in creditors	(1,221)	(6,645)
Cash generated from operations	3,760	1,210