

Company number 873093 (England and Wales)

GEOFFREY OSBORNE LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

GEOFFREY OSBORNE LIMITED

COMPANY INFORMATION

President	P A Osborne	MB ChB
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Company board

Chairman	A S C Osborne	MA(Oxon), FCA
Chief Executive	A P Steele	BSc (Hons), ARICS
Director	J R Chadwick	Ph.D, B.Eng. (Hons), C.Eng., MICE, FCIOB
Director	J D Craig	
Director	J V Dowsett	MloD, C.Eng., B.Eng. (Hons)
Director	S Hammond	FCCA
Director	R M King	B.Eng. (Hons), C.Eng, MICE, MCIM
Director	N J Sterling	
Director	M D Taylor	FRISC, MCIOB, ACI Arb
Director	S C Taylor	CIPD

Company number	873093	England and Wales
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Registered office	Fonteyn House 47-49 London Road Reigate Surrey United Kingdom RH2 9PY
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Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors The Portland Building 25 High Street Crawley West Sussex RH10 1BG
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GEOFFREY OSBORNE LIMITED

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GEOFFREY OSBORNE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017

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

Results and dividends

Total operating profit for the year was £3,635,000 (2016: £3,064,000). The profit before taxation was £3,594,000 (2016: £3,030,000). After making provision for taxation the profit for the financial year was £3,087,000 (2016: £2,457,000). The consolidated Income Statement for the year is set out on page 9.

The directors are satisfied with the overall level of profitability. All contracting businesses within the group were profitable in the year. The developments business made no contribution to the group's profitability as no projects were completed during the year, so it is particularly pleasing to see an increase in overall profitability, especially from Innovare Systems Limited, a wholly owned subsidiary, who grew profit before tax to £508,000 (2016: £150,000).

During the year the company continued to work with trustees of the defined benefit pension scheme to offer deferred members more flexible transfer choices. The settlements agreed with the deferred members in the year crystallised liabilities resulting in a loss of £67,000 (2016: loss £211,000) in the Income Statement. These settlements are however expected to reduce future volatility in the pension scheme deficit. A triennial valuation was carried out during the year, which confirmed that current funding levels from the company were adequate.

The cash balance at 31 March 2017 was £22,076,000 (31 March 2016: £26,728,000). This represents a reduction of £4,652,000 from last year. The main reason for the reduction in the cash balance is further investment in joint ventures of £3,526,000 reflecting the continued focus by the business on expanding into long term development opportunities.

No interim dividend (2016: nil) was paid during the year. The directors are recommending no final ordinary dividend in respect of 2017 (2016: nil).

Principal activities and review of the business

The principal activities of the company continue to be building and civil engineering contracting. The principal activities of the group continue to be that of the company and property maintenance, property development, property rental, and the design, manufacture and erection of energy efficient buildings using structural insulated building panels.

The group's key financial and other performance indicators during the year were as follows:

	2017	2016
	£000	£000
Group turnover	348,141	342,181
Profit before taxation	3,594	3,030
Total net assets	19,124	17,545
Secured 12-month order book	235,600	264,000
Accident frequency rate	0.15	0.17
Average number of employees	871	877
Voluntary employee churn rate	13.4%	13.0%

Total net assets (including that due to the minority interest) has increased to £19,124,000, an increase of £1,579,000. This increase comprises profit after tax for the year of £3,087,000 (2016: profit £2,457,000), an actuarial loss on the pension scheme of £1,136,000, a deferred tax credit on the pension scheme of £94,000, and a reduction in the value of the non-controlling interest, G O Developments (South) Limited, which decreased by £449,000 (2016: decrease £3,800,000), due to the subsidiary distributing funds to shareholders.

GEOFFREY OSBORNE LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

Turnover was divided among the group's key market sectors as follows:

	2017 £m	2016 £m
Affordable Housing Maintenance	40.7	46.5
Affordable Housing New Build	18.1	23.6
Commercial	32.6	31.9
Education	126.0	107.5
Healthcare	2.8	11.7
Highways	33.2	32.6
Rail	94.7	88.4
	<u>348.1</u>	<u>342.2</u>

The secured 12-month order book at April 2017 (which represents estimated turnover for the next 12 months on projects where there is either a contract or a letter of intent) of £235,600,000 (2016: £264,000,000) is 10.8% lower than last year. This is due to a decreased level of secured orders within our infrastructure business, predominantly from rail and highways framework contracts.

The group has £46,300,000 (2016: £55,000,000) of orders for the coming year which are currently in second stage or single source negotiation. Total secured orders as at the end of April has increased by 4% to £460,628,000 (2016: £445,000,000). Including works in second stage or single source negotiation, the overall forward order book in April 2017 stands at £753,179,000 (2016: £639,000,000). This increase has arisen due to a number of projects sitting at second stage negotiations which have subsequently been secured and a large number of second stage projects not yet secured in the construction business. Since April we have converted more of these orders to secured work.

The group operates in multiple market sectors with a customer base which is predominantly in, or indirectly related to, the public sector. There remain good opportunities in all of the group's chosen markets and the directors are confident the company will have the opportunity to grow sales in line with our business plans this coming year.

Whilst safety remains of fundamental importance in everything the company does, the directors recognise that health and well-being are of equal importance. This year has seen Geoffrey Osborne Limited taking part in the inaugural Mind Workplace Wellbeing Index. This has resulted in a progressive Action Plan to deliver the target of Gold Standard by 2021. The company is one of only six construction companies in the UK working on this index.

The headline figure of Accident Frequency Rate (AFR) has improved slightly from 0.17 to 0.15. This valuable indicator, albeit lagging, is now supplemented by other leading indicators - such as senior management tours, identification of Improvement Opportunities, training attendance and inspection close out rates. The company's behavioural change programme STOP Think! has now been rolled out to 1014 people in total which includes people from within the organisation, those from our supply chain and customers, and will continue to develop. Geoffrey Osborne Limited has a long term commitment to STOP Think! which will continue to benefit the business in health, safety, environmental performance and other areas.

In the financial year 2016/17 our People Team provided refreshed guidance and workshops on absence management and hiring, to help our people become more effective in these areas. We have refined our recruitment processes to reduce our dependency on recruitment through recruitment agencies and as a result 46% of all hires in 2016/17 were secured directly rather than through agencies (68 people in 2016/17).

As well as resourcing we have put more emphasis on Learning and Development, thereby confirming our commitment on the journey towards becoming a learning organisation. An Action Learning Programme for our top 40 leaders was developed and rolled out with the aim of building agility, collaboration and resilience into our leadership team. Across the group 2,834 (2016: 3,997) formal training days have been delivered to employees. STOP Think! training accounted for 337 (2016: 430) of these days. In addition to employees, some customers and suppliers have also taken part in STOP Think! training. Training days in 2015/16 was higher than usual because of a push in customer experience training.

Both Property Services and Construction businesses are externally endorsed by the Institute of Customer Service (ICS) ServiceMark Accreditation. We were proud to be finalists in three categories at the 2017 UK Customer Satisfaction Awards run by the ICS.

GEOFFREY OSBORNE LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

The board wholly supports activities that support the local communities within which we work. These include, amongst other things, working with local charities and communities on gardening projects, redecorating refuge shelters and participating in the Big Sleep Out. Some other notable events include: supporting DIY SOS; an engineering challenge with local children in Bromley; working with young offenders to refurbish Hemel Stags Rugby Club; and participating in a Boccia tournament with visually impaired children at Joseph Clarke School in East London.

The company has an investment in The BIM Limited, a company formed by an employee, to pursue a social media venture that is associated with the construction industry. Directors recognised both the talent of the individual and the complementary nature of the business, and took the decision to invest in 2016. This business has continued to grow and is now ranked Number 1 in the top 500 global BIM influencers and has 250,000 views of content a month leading to a significant increase in business value.

Principal risks and uncertainties

The principal risks and uncertainties facing the group are set out below.

Leadership and Management Capability

Ensuring the group has the right leadership and management capabilities is critical to the on-going success of the group. During the year business leadership has been strengthened with the appointment of managing directors for the Property Services and Homes teams. Operational delivery appointments have been implemented within our Construction and Infrastructure teams.

Corporate Responsibility

The group's safety, health and environment performance contributes to our overall reputation with stakeholders. Any incident that causes harm has the potential to damage our reputation, making it harder to win future work. The group operates established and robust safety systems, which include site visits, regular monitoring and reporting, and recording improvement opportunities including near misses. Regular safety briefings and our STOP Think! behavioural training also forms part of the mitigation of this risk.

Guidance on professional and ethical conduct is set out in the group's Governance Manual, which is available to all employees on the group's intranet. The board fully support a more diverse and inclusive business, and are working with Stonewall to support us in this aim.

The directors are extremely conscious of the potential impact of misconduct and are in the process of rolling out an industry-first Integrity Risk Management Programme, a formalised framework for managing misconduct risks at all levels within the business.

Price Pressure

Brexit continues to present a high degree of uncertainty in our markets. Some customers are seeing this uncertainty as an opportunity to reintroduce single stage tendering practices with increasing emphasis on price in their decision making over value. This is compounded with some customers hesitating to progress projects to implementation on stated dates where 2nd Stage Bid agreements are completed and/or in final stages.

In line with the industry, inflation for key managers and people, specific trades and materials is continuing at elevated rates, risking future profitability on long-term contracts where the price has been agreed. In addition to the above, some large projects continue in delay because price inflation has meant the project sum exceeds the customer's budget. Directors remain vigilant and mitigate this risk by working closely with customers that value our open and collaborative approach to earn our place to become their trusted adviser, and focusing on winning framework agreements (where project prices are agreed immediately prior to work starting). Alternative materials and methods of construction are reviewed when projects are planned.

The directors have implemented a changing business model that will increase investment in our own assets and building a longer term pipeline in the development arena.

GEOFFREY OSBORNE LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

Market Risk

The group's activities remain UK based and therefore susceptible to the UK construction sector market conditions. The uncertainty of what the UK's final exit agreement from Europe will look like (medium term) and the hiatus caused by a general election (shorter term) conspire to create a lack of stability in the markets.

The fluctuation in private sector confidence and aggressive pressure on the public sector to deliver increased social and transport infrastructure capacity for less money will ensure the immediate outlook remains volatile. The group gains some limited protection through having activities across a broad spread of market sectors as well as having small overall market share in any single sector.

The directors recognise that operating across multiple sectors has some overhead cost disadvantages which can impact the ability to win certain opportunities and have therefore adopted a strategy of being highly selective of potential project opportunities. The approach is based on identifying customers who value our personal and collaborative skills allowing us to earn their confidence as their trusted adviser by mitigating the impacts beyond the physical build. Diversification into associated markets and an increase in the group's customer base are both mitigations that directors are pursuing.

Project Delivery

Poor operational delivery of projects, whether through late delivery or quality of workmanship, could incur additional costs that erode profit margins and cash. It is also possible that customer experiences fall short of group standards, potentially leading to reduced repeat work or referrals.

The group has a governance process with twelve formal gateways designed to minimise volatility and maximise the opportunity to deliver continuous improvement in project delivery. The directors recognise the importance of assessing and developing future opportunities, leading to fewer but better quality tenders with higher success rates. Projects are formally assessed at stages through their life from opportunity selection through to the post-handover period to ensure success for the customer and the company.

Working more closely with key supply chain partners also brings more certainty to project outcomes, and remains an important part of the group's supply chain approach. It will also enhance our ability to more effectively learn from experience. An increasing proportion of our work is being undertaken through strategic supply partners and this is unlocking benefits of trusted and collaborative relationships with our customers through into the supply chain.

Liquidity and Financing

The group maintains a strong cash balance to mitigate the need for borrowing to trade, and to provide financing options for investment opportunities. The group has agreed a long-term revolving credit facility of £5,000,000 with our bankers to enable investments that are aligned with our strategy; currently £2,000,000 of this facility is being utilised to fund our investments in our development joint ventures. The group relies upon bond facilities for traditional construction and infrastructure projects, and has extended facilities with five sureties to provide enough bond capacity for the foreseeable future. No speculative trading in financial instruments is carried out.

Cash balances are historically linked with sales, so a strong order book this year indicates a strong position. Scenario planning is regularly reviewed by directors in relation to cash forecasting, particularly prior to making material investment decisions.

The importance of financial risk management remains. The group continues to operate a comprehensive trade contractor vetting process alongside procedures to ensure credit and other financial checks are carried out on both customers and trade contractors as appropriate. Credit insurance is obtained where appropriate.

On behalf of the board



A P Steele

Group Chief Executive

20 June 2017

GEOFFREY OSBORNE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017

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

Directors

The following directors have, unless otherwise stated, held office since 1 April 2016 and up to the date of the signing of the financial statements:

A S C Osborne			
A P Steele			
J R Chadwick	(appointed 1 October 2016)	M-L Clayton	(resigned 1 October 2016)
J D Craig	(appointed 1 October 2016)	T J Matthews	(resigned 1 October 2016)
J V Dowsett	(appointed 1 October 2016)	G B Shepherd	(resigned 23 September 2016)
S Hammond	(appointed 23 September 2016)		
R M King	(appointed 1 October 2016)		
N J Sterling	(appointed 1 October 2016)		
M D Taylor	(appointed 1 October 2016)		
S C Taylor	(appointed 1 October 2016)		

Going concern

Having made appropriate enquiries, the directors are satisfied that the group has adequate resources to continue for the foreseeable future. For this reason the directors have continued to adopt the going concern basis.

Financial risk management

The principal risks and uncertainties are detailed in full within the strategic report on page 3 and 4.

Dividends

One interim dividend totaling £1,000,000 (2016: £3,911,000) was approved and paid during the year by Geoffrey Osborne Developments (South) Limited, a subsidiary undertaking in which Geoffrey Osborne Limited owns 50%. The directors are recommending no final ordinary dividend in respect of 2017 (2016: nil).

Future developments

The directors consider that the breadth of activities undertaken by the group and the quality of relationships with its customers leaves it well placed to deal with any structural changes that may occur in the market. Development opportunities are continuing to form part of our ongoing business strategy.

Charitable contributions

During the year the group made charitable donations of £41,000 (2016: £33,000) as set out below. No contributions were made to any political party (2016: nil). The group aims to donate 1% of profit to charities each year.

	2017	2016
	£000	£000
Educational charities	1	1
Local community charities	26	19
National welfare charities	14	13
	<u>41</u>	<u>33</u>

Employee involvement

The directors view the engagement and motivation of everyone in the Osborne group as key to the success of the business and its customers and suppliers. To achieve this, constant and consistent communication is critical at all levels. The directors monitor that managers hold regular, open, two way discussions with staff to enhance engagement, involvement and performance. Staff are encouraged to personally engage with seeking and participating in improvement opportunities, however small or large. Each business area holds employee roadshows and holds cascade briefings as appropriate. These localised actions are supported by a wider range of group communication and engagement activities including inductions, e-bulletins and an intranet. Leadership and development training is an important part of our business planning to help our people deliver their full potential to the group's growth and profitability. An annual engagement survey is carried out to help monitor employee engagement as well as identify priority areas for action.

Our annual Chairman's Awards provide an opportunity to celebrate and share success. The scheme is open to nominations across the company and our supply chain, and is extremely well supported. We also recognise employees who have achieved 10, 20 and 30 years service to the company at our annual Long Service Awards evening.

GEOFFREY OSBORNE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

Disabled persons

The group gives every consideration to applications for employment from disabled persons where the requirements of the job can be adequately covered by a disabled person. With regard to existing disabled employees and those who have become disabled during the year, the group has continued to examine ways and means of providing continuing employment under normal terms and conditions and to provide training, career development and promotion wherever appropriate, and as far as possible, identical to that of an employee who does not suffer from a disability.

The board and its committees

The board currently comprises of nine executive directors and one non-executive director who is the Chairman.

The group is controlled through the board. The board's main roles are to provide leadership for the group, to approve the group's strategic objectives and to ensure that the necessary resources are made available to meet these objectives. The board holds scheduled meetings throughout the year and on an ad-hoc basis when required.

The Board has adopted a schedule of matters which are decided at board level. These include approval of group strategy and annual budgets, supervision of financial performance, approval of investment decisions and approval of certain contracts.

Directors' indemnities

The company purchased and continues to maintain Directors' and Officers' liability insurance cover in respect of itself and its directors.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and PricewaterhouseCoopers LLP will therefore continue in office.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors 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.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group company's auditors are unaware;
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and company's auditors are aware of that information.

On behalf of the board



S Hammond

Director

20 June 2017

GEOFFREY OSBORNE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GEOFFREY OSBORNE LIMITED

Our opinion

In our opinion, Geoffrey Osborne Limited's group financial statements and parent company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2017 and of the group's profit and cash flows 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.

What we have audited

The financial statements, included within the Directors' report and Financial Statements (the "Annual Report"), comprise:

- the Consolidated statement of financial position and Company statement of financial position as at 31 March 2017;
- the Consolidated income statement and Consolidated statement of comprehensive income for the year then ended;
- the Consolidated statement of cash flows for the year then ended;
- the Consolidated and company statements of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic report and 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.

In addition, in light of the knowledge and understanding of the group, the parent company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic report and the Directors' report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

GEOFFREY OSBORNE LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF GEOFFREY OSBORNE LIMITED

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic report and Directors' report, we consider whether those reports include the disclosures required by applicable legal requirements.



Michael Jones (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Gatwick

20 June 2017

GEOFFREY OSBORNE LIMITED

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £000	2016 £000
Turnover		348,299	342,474
Share of turnover of joint ventures & associates		(158)	(293)
Group turnover	3	348,141	342,181
Cost of sales		(318,928)	(314,892)
Gross profit		29,213	27,289
Administrative expenses		(25,578)	(24,225)
Group operating profit	4	3,635	3,064
Share of operating profit/(loss) of associate	12	4	(3)
Share of operating loss of joint ventures	12	(43)	(13)
Profit before interest and taxation		3,596	3,048
Interest receivable and similar income	5	83	72
Interest payable and similar expenses	6	(85)	(90)
Profit before taxation		3,594	3,030
Tax on profit	7	(507)	(573)
Profit for the financial year		3,087	2,457
Profit attributable to:			
Owners of the parent company		3,036	2,329
Non-controlling interests		51	128
		3,087	2,457

The income statement has been prepared on the basis that all operations are continuing operations.

GEOFFREY OSBORNE LIMITED**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017**

	2017 £000	2016 £000
Profit for the financial year	3,087	2,457
Actuarial (losses)/gains on pension scheme (note 18)	(1,136)	805
Movement on deferred tax relating to pension scheme (note 8)	94	(254)
Total comprehensive income for the year	2,045	3,008
Total comprehensive income attributable to:		
Owners of the parent company	1,994	2,880
Non-controlling interests	51	128
	2,045	3,008

GEOFFREY OSBORNE LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Note	£000	2017 £000	£000	2016 £000
Fixed assets					
Investment properties	10		-		744
Tangible assets	11		3,457		3,971
Investment in joint ventures:	12				
Share of gross assets		14,305		7,592	
Share of gross liabilities		(3,514)		(284)	
			10,791		7,308
Investment in associated undertakings	12		5		1
			14,253		12,024
Current assets					
Stocks	13		1,224		1,178
Debtors	14		68,697		64,728
Cash at bank and in hand			22,076		26,728
			91,997		92,634
Creditors: amounts falling due within one year	15		(78,534)		(80,357)
Net current assets			13,463		12,277
Total assets less current liabilities			27,716		24,301
Creditors: amounts falling due after more than one year	16		(4,045)		(3,219)
Provisions for liabilities	17		(2,597)		(2,154)
Net assets excluding pension liability			21,074		18,928
Pension liability	19		(1,950)		(1,383)
Net assets including pension liability			19,124		17,545
Capital and reserves					
Called up share capital	20		1,045		1,045
Share premium account			108		108
Revaluation reserve			1,078		1,044
Retained earnings			16,730		14,736
Equity attributable to owners of the parent			18,961		16,933
Non-controlling interests			163		612
Total equity			19,124		17,545

The notes on pages 15 to 35 are an integral part of these financial statements.

The financial statements on pages 9 to 35 were approved by the board of directors on 20 June 2017 and were signed on its behalf by:



A S C Osborne
Chairman

Company number 873093 (England and Wales)



S Hammond
Director

GEOFFREY OSBORNE LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Note	2017 £000	2016 £000
Fixed assets			
Tangible assets	11	3,190	3,619
Investment in subsidiary undertakings	12	7,536	6,851
Investment in associated undertakings	12	5	1
		<u>10,731</u>	<u>10,471</u>
Current assets			
Debtors	14	69,690	63,224
Cash at bank and in hand		17,316	23,531
		<u>87,006</u>	<u>86,755</u>
Creditors: amounts falling due within one year	15	<u>(70,062)</u>	<u>(73,289)</u>
Net current assets		<u>16,944</u>	<u>13,466</u>
Total assets less current liabilities		<u>27,675</u>	<u>23,937</u>
Creditors: amounts falling due after more than one year	16	<u>(3,632)</u>	<u>(2,942)</u>
Provisions for liabilities	17	<u>(2,597)</u>	<u>(2,143)</u>
Net assets excluding pension liability		<u>21,446</u>	<u>18,852</u>
Pension liability	19	<u>(1,950)</u>	<u>(1,383)</u>
Net assets including pension liability		<u>19,496</u>	<u>17,469</u>
Capital and reserves			
Called up share capital	20	1,045	1,045
Share premium account		108	108
Revaluation reserve		7,109	6,390
Retained earnings		11,234	9,926
Total equity		<u>19,496</u>	<u>17,469</u>

The notes on pages 15 to 35 are an integral part of these financial statements.

The financial statements on pages 9 to 35 were approved by the board of directors on 20 June 2017 and were signed on its behalf by:



A S C Osborne
Chairman
Company number 873093 (England and Wales)



S Hammond
Director

GEOFFREY OSBORNE LIMITED

**CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017**

Group	Called up share capital £000	Share premium account £000	Revaluation reserve £000	Non controlling interests £000	Retained earnings £000	Total equity £000
Balance at 1 April 2015	1,045	108	1,010	4,395	11,856	18,414
Profit for the financial year	-	-	-	128	2,329	2,457
Revaluation	-	-	34	-	-	34
Other comprehensive income for the year	-	-	-	-	551	551
Dividends paid	-	-	-	(3,911)	-	(3,911)
Balance at 31 March 2016	1,045	108	1,044	612	14,736	17,545
Profit for the financial year	-	-	-	51	3,036	3,087
Revaluation	-	-	34	-	-	34
Other comprehensive expense for the year	-	-	-	-	(1,042)	(1,042)
Dividends paid	-	-	-	(500)	-	(500)
Balance at 31 March 2017	1,045	108	1,078	163	16,730	19,124

Company	Called up share capital £000	Share premium account £000	Revaluation reserve £000	Retained earnings £000	Total equity £000
Balance at 1 April 2015	1,045	108	8,808	4,058	14,019
Profit for the financial year	-	-	-	5,698	5,698
Other comprehensive (expense)/income for the year	-	-	(2,418)	170	(2,248)
Balance at 31 March 2016	1,045	108	6,390	9,926	17,469
Profit for the financial year	-	-	-	2,354	2,354
Revaluation	-	-	719	-	719
Other comprehensive expense for the year	-	-	-	(1,046)	(1,046)
Balance at 31 March 2017	1,045	108	7,109	11,234	19,496

GEOFFREY OSBORNE LIMITED

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

	£000	2017 £000	£000	2016 £000
Profit before interest and taxation		3,596		3,048
Adjustments for non-cash items:				
Depreciation of tangible assets	903		925	
Loss on disposal of tangible assets	2		16	
Profit on sale of investment property	(56)		(21)	
Joint venture accounting profit restriction on land sale (note 12c)	-		535	
Share of loss in joint ventures (note 12c)	43		13	
Share of (profit)/ loss in associate undertakings (note 12b)	(4)		3	
Defined benefit pension costs	211		314	
Revaluation of stocks	-		250	
Increase in stocks	(46)		(7)	
(Increase)/decrease in debtors	(3,661)		1,330	
(Decrease)/increase in creditors	(2,558)		3,518	
		(5,166)		6,876
Cash from operations		(1,570)		9,924
Interest paid	(85)		(90)	
Corporation taxes paid	(241)		(244)	
Defined benefit pension scheme contributions (note 18)	(780)		(780)	
		(1,106)		(1,114)
Net cash (used in)/generated from operating activities		(2,676)		8,810
Cash flows used in investing activities				
Purchases of tangible assets	(357)		(321)	
Purchase of investment in joint ventures	(3,526)		(2,199)	
Receipts from sale of investment properties	800		335	
Interest received	7		7	
Dividends received from associated undertakings	-		10	
Loan to related party	(400)		(300)	
		(3,476)		(2,468)
Net cash used in investing activities		(3,476)		(2,468)
Cash flows used in financing activities				
Dividends paid to minority interest	(500)		(3,911)	
Funds from revolving credit facility	2,000		-	
		1,500		(3,911)
Net cash generated from/(used in) financing activities		1,500		(3,911)
Net (decrease)/increase in cash and cash equivalents		(4,652)		2,431
Cash and cash equivalents at the beginning of the year		26,728		24,297
Cash and cash equivalents at the end of the year		22,076		26,728

GEOFFREY OSBORNE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Statutory Information

Geoffrey Osborne Limited is a private company domiciled in England and Wales, registration number 873093. The principal activities of the company are building and civil engineering contracting. The registered office is Fonteyn House, 47-49 London Road, Reigate, Surrey, RH2 9PY.

Statement of compliance

These financial statements are prepared in accordance with the Companies Act 2006 and in compliance with FRS 102, there were no material departures from that standard.

2 Accounting policies

2.1 Accounting convention

These financial statements are prepared on the going concern basis, under the historical cost convention, with the exception of the revaluation of investments, and in accordance with the Companies Act 2006 and FRS 102. There were no material departures from that standard. The principal accounting policies, which have been applied consistently throughout the financial year, are set out below.

The financial statements are prepared in pounds sterling which is the functional currency of the group and rounded to the nearest £000.

2.2 Basis of consolidation

The consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and consolidated statement of cash flows include the financial statements of the holding company and its subsidiary undertakings made up to 31 March 2017. Unless otherwise stated the acquisition method of accounting has been applied. Under this method subsidiaries are included from the date of acquisition. Disposals are accounted for up to the date control passes to a third party. All subsidiaries have applied the same accounting policies and have the same financial year end as the holding company. Intra-group sales, profits and balances are eliminated fully on consolidation.

As permitted by Section 408, Companies Act 2006, the separate income statement of the holding company is not presented as part of these financial statements.

2.3 Associated undertakings and joint ventures

The group's share of profits less losses of associated undertakings and joint ventures is included in the consolidated income statement and its interest in their net assets or liabilities is included in investments in the consolidated statement of financial position.

2.4 Turnover

For contracting activities, turnover represents the estimated sales value of work done in the financial year in accordance with the long-term contract provisions of FRS 102 (Section 23) based on percentage of contract completion at the year end. Turnover includes the group's share of turnover of joint arrangement contracts. For capital activities, which represent activities where the company takes on the role of developer, turnover is recognised when services have been provided and contractual obligations met. For all other activities, turnover represents amounts received or receivable from external customers for goods and services supplied. Turnover is net of value added tax and trade discounts, but includes retentions held by clients.

2.5 Long term contracts

Long term contracts include the profit attributable to that part of the work performed at the end of the accounting period. No profit is recognised until the outcome of the contract can be determined with reasonable certainty. Losses are recognised in full as they are foreseen.

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for future losses, less amounts received and receivable as progress payments on account. Excess progress payments are included in creditors as payments on account.

GEOFFREY OSBORNE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

2 Accounting policies (continued)

2.6 Stocks

Stock is stated at the lower of cost and estimated selling price less costs to completion and costs to sell. Cost includes all costs incurred to bring stock items to their present location and condition. Stock value is calculated using the weighted average method.

Development land and buildings are stated at the lower of cost and estimated selling price less costs to completion. Cost comprises land, fees, building construction costs (where relevant) and other direct costs.

2.7 Tangible assets - depreciation

Freehold land and buildings are included in the statement of financial position at their open market value at the end of the accounting period on the basis of an annual valuation. All other fixed assets are held at historic purchase cost less accumulated depreciation. Cost will include the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. The useful economic life of assets are reassessed periodically and an annual valuation was performed for all properties at 31 March 2017.

Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful economic life, as follows:

Freehold land and buildings	Over 40 years in equal instalments for freehold office buildings. No depreciation is provided on freehold land.
Leasehold improvements	Over the unexpired term of the lease on a straight line basis or shorter if the useful expected life is less.
Fixtures and equipment	15% to 25% reducing balance, 9% to 25% straight line.

2.8 Leasing

Costs, including rent free periods, in respect of operating leases are charged to the income statement on a straight line basis over the full lease term. Any operating leases entered into prior to 1 April 2014, the date of transition to FRS 102, spread rent free periods up to the lease break clause.

2.9 Investments

The directors revalue the company's investments in subsidiary undertakings, associated undertakings and joint ventures, at the end of each accounting period, at the relevant share of net assets, as deemed fair value, except where the subsidiary or associate has negative assets. If the relevant share of net assets is greater than the original cost then the movement is taken to the revaluation reserve. Any movement below the original cost is taken to the income statement. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

2.10 Pensions

The Geoffrey Osborne Limited group operates a defined contribution and a defined benefit pension scheme as set out in note 19.

The assets of the defined contribution pension scheme are held separately to the assets of the company in an independently administered fund. The pension cost charge disclosed in note 19 represents contributions payable by the company to the fund.

The defined benefit pension scheme was closed to future accruals with effect from 1 June 2010. The assets of the scheme are held separately to those of the company in an independently administered fund.

Defined benefit pension scheme liabilities are measured using the defined accrued benefits funding method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. The increase in the present value of the liabilities of the group defined benefit pension scheme expected to arise from benefits accrued in the financial year is charged to the consolidate income statement. The expected return on the scheme's assets and the increase during the financial year in the present value of the scheme's liabilities arising from the passage of time are included in interest receivable and similar income. Actuarial gains and losses are recognised in the consolidated statement of comprehensive income.

Pension scheme deficits or surpluses, to the extent that they are recoverable, are recognised in full and presented on the face of the statement of financial position.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017**

2 Accounting policies (continued)

2.11 Deferred taxation

Deferred tax is recognised in respect of all timing differences, other than surpluses arising on the revaluation of properties held for sale, that have originated but not reversed at the end of the accounting year, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the date of the statement of financial position.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be sustainable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the end of the accounting year. Deferred tax is measured on an undiscounted basis.

Deferred tax on the pension scheme liability is shown within the deferred tax asset in debtors.

2.12 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the end of the financial year. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the income statement.

2.13 Dividends

Dividends unpaid at the end of the financial year are recognised as a liability to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

2.14 Provision for liabilities

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provision is made in accordance with FRS 102 (Section 21) for contract remedial costs, and other known liabilities which exist at the year end date.

2.15 Property leased to customers

Property leased to customers under operating leases that contain an incentive (a rent free period) have been accounted for on a straight line basis over the term of the lease. Any deposits held on behalf of tenants are shown within creditors.

2.16 Investment properties

Investment properties are included in the statement of financial position at their open market value at the year end on the basis of an annual valuation. Depreciation is not provided on investment properties. However, these properties are not held for consumption but for investment and the directors consider that a systematic annual depreciation would be inappropriate.

Investment properties are treated in accordance with FRS 102 (Section 16) with a revaluation at least every 5 years by an external valuer and annually by the directors.

GEOFFREY OSBORNE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

2 Accounting policies (continued)

2.17 Cash flow

The company is a wholly-owned subsidiary of GCHO Holdings Limited, and is included in the consolidated financial statements of GCHO Holdings Limited, which are publicly available. Consequently, the company has taken advantage of the exemption which FRS 102 (Section 1) allows from preparing a statement of cash flows. However, a consolidated cash flow statement for Geoffrey Osborne Limited is shown.

2.18 Financial Instruments

Basic financial instruments are recognised at amortised cost. Long term debtors have been amortised using a discount rate of 3%, all other items have been amortised using a discount rate of 0%. Any changes to the amortised cost have been recognised in the income statement.

2.19 Minority interests

The company owns 50% of the share capital of GO Developments (South) Limited with the parent company GCHO Holdings Limited owning the other 50%. As Geoffrey Osborne Limited is the controlling party the assets and results of GO Developments (South) Limited have been fully consolidated with the relevant minority interests disclosed as necessary.

2.20 Financial risk management

The group's activities expose it to a variety of financial risks. The directors consider that credit risk and liquidity risk are the main risks. Credit risk is managed by performing relevant checks on any potential new customers and suppliers as well as periodic reviews of existing key customers and suppliers. Liquidity risk management to enable the company to meet its obligations as they fall due is carried out through cash flow forecasts and prompt chasing of debts as they fall due.

2.21 Critical accounting estimates and judgements

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Revenue recognition

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for future losses, less amounts received and receivable as progress payments on account. Excess progress payments are included in creditors as payments on account.

(b) Contract provisions

In the normal course of business, claims are received; in relevant cases the board takes appropriate advice and makes a provision where a future liability is probable. Conversely, where the company makes claims for contract variations and programme delays, estimates are made on recoverability on a contract by contract basis.

(c) Defined benefit pension scheme

The directors have made assumptions regarding the defined benefit pension scheme, based on information provided by external actuaries (note 19).

3 Turnover

The total turnover of the group for the financial year has been wholly undertaken in the United Kingdom.

The analysis by class of business of the group's turnover is set out as below:

	2017 £000	2016 £000
Contracting and similar activities - group	348,139	342,106
Contracting and similar activities - joint ventures	158	293
Rental income	2	75
Turnover	348,299	342,474
Share of turnover of joint ventures & associates	(158)	(293)
Group turnover	348,141	342,181

GEOFFREY OSBORNE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

4	Group operating profit	2017	2016
		£000	£000
	Group operating profit is stated after (crediting)/charging:		
	(Profit)/loss on sale of tangible assets and investment properties	(54)	16
	Defined benefit pension costs	211	314
	Depreciation of tangible assets - owned	903	925
	Operating lease rentals		
	- Plant and machinery	9,783	10,525
	- Land and buildings	779	680
	Services provided by the company's auditors:		
	- Fees payable for audit work for company and consolidated financial statements	67	82
	- Fees payable for audit work for subsidiaries	36	32
	- Fees payable for other services - tax compliance	43	52
5	Interest receivable and similar income	2017	2016
		£000	£000
	Interest on bank deposits	7	7
	Other interest receivable	76	65
		83	72
	Other interest receivable relates wholly to interest charges associated with a loan to a related company (note 26).		
6	Interest payable and similar expenses	2017	2016
		£000	£000
	Other interest payable	85	90
7	Tax on profit	2017	2016
		£000	£000
	UK corporation tax on profit for the year		
	UK corporation tax at 20% (2016: 20%)	194	202
	Adjustments in respect of previous years	52	40
	Total current tax	246	242
	Deferred tax		
	Deferred tax charge - relating to capital allowances	21	22
	Deferred tax charge - relating to tax losses utilised	227	335
	Deferred tax charge/(credit) - relating to property revaluations	13	(26)
	Total deferred tax	261	331
	Tax on profit	507	573

GEOFFREY OSBORNE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

7 Tax on profit (continued)

The tax assessed for the financial year is lower (2016: lower) than the standard rate of corporation tax in the UK of 20% (2016: 20%).

	2017 £000	2016 £000
Factors affecting the tax charge for the year		
Profit before taxation	3,594	3,030
Profit before taxation multiplied by standard rate of UK corporation tax of 20% (2016: 20%)	719	606
Effects of:		
Non deductible expenses	15	24
Non deductible expenses - joint venture related	(11)	107
Tax on share of joint venture profits	-	19
Pension cost relief in excess of net pension cost charge	(253)	(215)
Adjustments in respect of previous years	52	40
Other tax adjustments	16	21
Group relief claimed	(31)	(29)
Tax charge for the year	507	573

8 Deferred tax

	Group		Company	
	Pension scheme deferred tax £000	Deferred taxation asset £000	Pension scheme deferred tax £000	Deferred taxation asset £000
Balance at 1 April 2016	277	600	277	530
Income statement deferred tax charge	-	(261)	-	(198)
Pension scheme actuarial deferred tax credit	94	-	94	-
Balance at 31 March 2017	371	339	371	332

The pension scheme actuarial deferred tax credit represents the amount of deferred tax taken to the consolidated statement of comprehensive income and comprises a credit of £113,000 (2016: charge £254,000) due to the change in value of the pension liability and a charge of £19,000 (2016: £nil) due to the change in the deferred tax rate.

GEOFFREY OSBORNE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

8 Deferred tax (continued)

Deferred tax is fully provided at 19% (2016: 18%) analysed over the following timing differences:

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Capital allowances	(64)	(43)	(71)	(234)
Unutilised tax losses	608	835	608	764
Revaluation of properties	(205)	(192)	(205)	-
Pension scheme	371	277	371	277
Total timing differences	710	877	703	807

For both group and company, in accordance with FRS 102 (Section 29), the deferred tax assets have been recognised as it is regarded as more likely than not that they will be recovered.

At the year end, the Finance Bill 2017 had been enacted confirming that the main UK corporation tax rate will reduce to 19% with effect from 1 April 2017 and 17% from 1 April 2020. Therefore, at 31 March 2017, deferred tax assets and liabilities have been calculated based on a rate of 19% where the temporary difference is expected to reverse after 1 April 2017. These reductions may also reduce the company's future current tax charges accordingly.

9 Dividends	2017	2016
	£000	£000
Group		
Non-controlling interests:		
First interim dividend paid:	500	1,411
Second interim dividend paid:	-	2,500
	500	3,911

One interim dividend totalling £1,000,000 (2016: £7,822,000) was approved and paid during the year by Geoffrey Osborne Developments (South) Limited, a subsidiary undertaking in which Geoffrey Osborne Limited owns 50%. The directors are recommending no final ordinary dividend in respect of 2017 (2016: nil).

Company

The directors are not recommending the payment of a final dividend in respect of 2017 (2016: nil).

GEOFFREY OSBORNE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

10 Investment properties

	Freehold	Freehold
Group	2017	2016
	£000	£000
Cost or valuation		
At 1 April	744	1,058
Disposal of investment units	(744)	(314)
	<hr/>	<hr/>
At 31 March	-	744
	<hr/>	<hr/>
	Freehold	Freehold
Group	2017	2016
	£000	£000
Historical cost		
At 1 April	932	1,325
Disposal of investment units	(932)	(393)
	<hr/>	<hr/>
At 31 March	-	932
	<hr/>	<hr/>

The development of the land at Witham in Essex was completed in 2009. The property originally comprised of ten business units, two of which were still owned and let as at 31 March 2016.

On 13 April 2016, the two remaining units, units 4 and 5, were sold for £320,000 and £480,000 respectively.

GEOFFREY OSBORNE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

11 Tangible assets

(a) Group

	Freehold land and buildings £000	Leasehold improvements £000	Fixtures and equipment £000	Total £000
Cost or valuation				
At 1 April 2016	1,590	1,026	5,859	8,475
Additions	-	-	357	357
Disposals	-	-	(158)	(158)
At 31 March 2017	1,590	1,026	6,058	8,674
Accumulated depreciation				
At 1 April 2016	-	397	4,107	4,504
Charge for the financial year	34	127	742	903
Revaluation	(34)	-	-	(34)
On disposals	-	-	(156)	(156)
At 31 March 2017	-	524	4,693	5,217
Net book value				
At 31 March 2017	1,590	502	1,365	3,457
At 31 March 2016	1,590	629	1,752	3,971

Analysis of land and buildings at cost and revalued amount at 31 March

	2017 £000	2016 £000
At cost	892	892
Increase due to valuation	698	698
	1,590	1,590

GEOFFREY OSBORNE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

11 Tangible assets (continued)

(b) Company

	Freehold land and buildings £000	Leasehold improvements £000	Fixtures and equipment £000	Total £000
Cost or valuation				
At 1 April 2016	1,590	1,026	3,765	6,381
Additions	-	-	184	184
Disposals	-	-	(158)	(158)
At 31 March 2017	1,590	1,026	3,791	6,407
Accumulated depreciation				
At 1 April 2016	-	397	2,365	2,762
Charge for the financial year	34	127	484	645
Revaluation	(34)	-	-	(34)
On disposals	-	-	(156)	(156)
At 31 March 2017	-	524	2,693	3,217
Net book value				
At 31 March 2017	1,590	502	1,098	3,190
At 31 March 2016	1,590	629	1,400	3,619

Analysis of land and buildings at cost and revalued amount at 31 March

	2017 £000	2016 £000
At cost	892	892
Increase due to valuation	698	698
	1,590	1,590

GEOFFREY OSBORNE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

11 Tangible assets (continued)

Group and Company

(c) The last external valuation of freehold land and buildings in the company was carried out by Vail Williams, an independent firm of Chartered Surveyors. The valuation related to our London office (Wickfield House) and was made on an open market basis as at 13 September 2013 following refurbishment and letting two floors in the first quarter of the year. The valuation was prepared on the basis of market value in accordance with the RICS Appraisal and Valuation manual. In accordance with group accounting policy a full valuation by an external valuer is performed at least every 5 years. The directors have assessed that there has been no material change in other valuations since 31 March 2013.

(d) If land and buildings had not been re-valued, they would have been included at the following amounts:

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Cost	892	892	892	892
Aggregate depreciation	(426)	(392)	(426)	(392)
Net book value	466	500	466	500

12 Investments

(a) Investment in subsidiary undertakings

Company	2017	2016
	£000	£000
Investment in subsidiary undertakings at valuation at 1 April	6,851	9,303
Increase/(decrease) on revaluation	685	(2,452)
Investment in subsidiary undertakings at valuation at 31 March	7,536	6,851

The historic cost book value of subsidiary undertakings is £525,009 (2016: £525,009).

The directors believe that the carrying value of the investments is supported by their underlying net assets and future cashflows.

GEOFFREY OSBORNE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

(a) Investment in subsidiary undertakings (continued)

The company owns the whole of the issued ordinary share capital of the following subsidiary undertakings, all of which are registered and operate in England:

Name	Principal activity	Shares held %
Innovare Systems Limited	Building subcontractor and manufacturer of structural insulated building panels	100
G O Developments (Witham) Limited	Property lessor	100
Geoffrey Osborne (Pension Trustees) Limited	Pension trustee	100
G O Developments (Solent) Limited	Property development	100
Osborne Property Services Limited	Property maintenance	100
Fishbourne No2 Limited	Investment company	100
Fishbourne Number 4 Limited	Investment company	100
G O Developments (Andover Road) Limited	Investment company	100
Geoffrey Osborne Property Services Limited	Dormant	100
Fishbourne Number 3 Limited	Dormant	100
Osborne Homes Limited	Construction of residential property	100

The registered address of all undertakings noted above is Fonteyn House, 47 - 49 London Road, Reigate, Surrey, RH2 9PY.

The company owns 50% of the following group undertaking and is the controlling party:

Geoffrey Osborne Developments (South) Limited	Property development	50
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The registered address of Geoffrey Osborne Developments (South) Limited is Fonteyn House, 47 - 49 London Road, Reigate, Surrey, RH2 9PY.

The company also indirectly owns the following group undertaking:

I S Manufacturing Limited	Dormant	100
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The registered address of I S Manufacturing Limited is Fonteyn House, 47 - 49 London Road, Reigate, Surrey, RH2 9PY.

On 31 October 2016 the company incorporated Osborne Homes Limited, whose principal activity is the construction of domestic buildings.

(b) Investment in associated undertakings

Group and company	2017 £000	2016 £000
Investment in associated undertakings at 1 April	1	15
Disposal of investment in associate	-	(1)
Share of operating profit/(loss) of associate	4	(3)
Dividends received from associate	-	(10)
Investment in associated undertakings at 31 March	5	1

The historic cost book value of associated undertakings is £15 (2016: £15).

GEOFFREY OSBORNE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

12 Investments (continued)

(b) Investment in associated undertakings (continued)

The company has an interest in the issued ordinary share capital of the following associated company, which is registered and operates in England:

Name	Principal activity	Shares held %
The BIM Limited	Construction social media	15

The registered address of the above associated undertaking is 27 Old Gloucester Street, London, WC1N 3AY.

The associated undertaking financial year is not co-terminous with that of the group. The results are included in the group on an accruals basis.

The BIM Limited is trading satisfactorily.

(c) Investment in joint ventures

Group	2017 £000	2016 £000
Investment in joint ventures at 1 April	7,308	5,657
Joint venture accounting profit restriction on land sale	-	(535)
Purchase of interest in joint ventures	3,526	2,199
Share of operating loss of joint ventures	(43)	(13)
Investment in joint ventures at 31 March	10,791	7,308

There was a further cash investment in joint ventures of £3,526,000 during the year.

The group has an interest in the following joint ventures, which are registered and operate in England:

Name	Principal activity	Interest held %
Howard Osborne LLP	Property developer	50
Winchester Student No1 LLP	Property developer	50
Winchester Student No2 LLP	Property developer	50

The registered address of Howard Osborne LLP is 93 Regent Street, Cambridge, Cambridgeshire, CB2 1AW.

The registered address of Winchester Student No1 LLP and Winchester Student No2 LLP is Fonteyn House, 47 - 49 London Road, Reigate, Surrey, RH2 9PY.

The joint venture financial years are not co-terminous with that of the group. The results are included in the group on an accruals basis.

All joint ventures are trading satisfactorily.

The company has no direct interest in investment in joint ventures.

GEOFFREY OSBORNE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

13 Stocks

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Raw materials and consumables	324	228	-	-
Development land and buildings	900	950	-	-
	<u>1,224</u>	<u>1,178</u>	<u>-</u>	<u>-</u>

The difference between the book value and replacement cost of stocks is not considered to be significant.

14 Debtors

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Amounts recoverable on long term contracts	40,608	37,240	32,466	30,401
Trade debtors	21,938	21,497	18,828	17,565
Amounts owed by group undertakings	-	-	12,120	9,215
Amounts owed by related companies	2,551	2,074	2,551	2,074
Deferred tax asset (see note 8)	710	877	703	807
Other debtors	88	88	88	88
Corporation tax	-	3	-	57
Other taxation and social security	1,742	1,928	1,962	2,112
Prepayments and accrued income	1,060	1,021	972	905
	<u>68,697</u>	<u>64,728</u>	<u>69,690</u>	<u>63,224</u>

Amounts falling due after more than one year and included in the debtors above are:

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Trade debtors	5,540	4,895	5,277	4,743
Amounts owed by related companies	2,551	2,074	2,551	2,074
Deferred tax asset	710	807	703	807
	<u>8,801</u>	<u>7,776</u>	<u>8,531</u>	<u>7,624</u>

Amounts owed by group undertakings are unsecured and repayable on written demand. Interest is charged at base rate plus 1.5%. The directors of Geoffrey Osborne Limited have given written consent to waive the interest receivable from Innovare Systems Limited, GO Developments (Solent) Limited and Osborne Property Services Limited for the years ended 31 March 2016 and 31 March 2017, and to waive the interest receivable from Osborne Homes Limited for the year to 31 March 2017.

GEOFFREY OSBORNE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

15 Creditors : amounts falling due within one year

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Payments on account	5,796	8,898	5,401	8,598
Trade creditors	22,386	19,991	20,832	19,029
Bank loans	2,000	-	2,000	-
Corporation tax	6	-	-	-
Other taxation and social security	1,519	1,390	1,495	1,325
Other creditors	398	565	343	529
Accruals and deferred income	46,429	49,513	39,991	43,808
	<u>78,534</u>	<u>80,357</u>	<u>70,062</u>	<u>73,289</u>

Included in group and company bank loans is £2,000,000 (2016: nil) drawn under the group's main revolving £5,000,000 credit facility, a facility committed until 15 December 2018 with interest payable at a variable rate of LIBOR plus 2.25%.

A commitment fee of 0.9% is charged on the undrawn amount.

The loan has been drawn down to provide additional working capital to enable further investments within our developments businesses.

16 Creditors : amounts falling due after more than one year

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Trade creditors	<u>4,045</u>	<u>3,219</u>	<u>3,632</u>	<u>2,942</u>
Maturity of debt				
In more than one year, but not more than two years	<u>4,045</u>	<u>3,219</u>	<u>3,632</u>	<u>2,942</u>

17 Provisions for liabilities

	Group	Company
	Remedial cost provision	Remedial cost provision
	£000	£000
Balance at 1 April 2016	2,154	2,143
Charged to the income statement	443	454
Balance at 31 March 2017	<u>2,597</u>	<u>2,597</u>

Remedial cost provision relates to costs expected to be incurred on making good defects on finished contracts. The provision is calculated on an individual contract basis after considering a number of factors including the method of construction, location and use of a building. A remedial cost provision is expected to be utilised within two years of the contract completion date.

GEOFFREY OSBORNE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

18 Financial Instruments

The following disclosures exclude investments in subsidiary undertakings and joint ventures and retirement benefit schemes.

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Financial assets that are debt instruments measured at amortised cost:				
Amounts recoverable on long term contracts (see note 14)	40,608	37,240	32,466	30,401
Trade debtors (see note 14)	21,938	21,497	18,828	17,565
	<u>62,546</u>	<u>58,737</u>	<u>51,294</u>	<u>47,966</u>
Financial liabilities measured at amortised cost:				
Trade creditors (see note 15 and 16)	26,431	23,210	24,464	21,971
Accruals (see note 15)	46,429	49,513	39,991	43,808
	<u>72,860</u>	<u>72,723</u>	<u>64,455</u>	<u>65,779</u>

19 Pension costs

The group operates defined contribution pension plans and a funded defined benefit plan. The assets of the plans are held separately from those of the group in independently administered funds. The cost of defined contribution pension plan contributions is charged against operating profit for the financial year. Defined benefit pension cost is recognised in the income statement.

Defined contribution scheme

Group	2017	2016
	£000	£000
Contributions payable by the group for the financial year	<u>4,133</u>	<u>4,540</u>

Defined contribution scheme

Company	2017	2016
	£000	£000
Contributions payable by the company for the financial year	<u>3,346</u>	<u>3,585</u>

Contributions include £154,000 (2016: £243,000) paid to Hertfordshire County Council Pension Fund in respect of 24 employees (2016: 31 employees) that belong to their previous employers defined benefit pension plan. As the actuarial and investment risk is substantially borne by the former employer the accounting does not meet the criteria for treatment as a defined benefit pension arrangement.

GEOFFREY OSBORNE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

19 Pension costs (continued)

Defined benefit plan

A number of employees are deferred members of a funded defined benefit pension plan, which provides benefits based on final pensionable salary. At 31 March 2017 there were 60 (2016: 69) deferred members and 83 (2016: 76) pensioner members. The pensioner members are fully insured with annuities purchased from reputable pension providers. Pension plan assets are held in a separate trustee administered fund to meet the long term pension liabilities. The plan was closed to new members in February 2002 and closed to future pension accruals with effect from 1 June 2010.

Contributions for the year of £780,000 (2016: £780,000) are calculated by an independent actuary on the basis of triennial valuations. The most recent full actuarial valuation was on 1 April 2016 and used the defined accrued benefits funding method. This method of valuation is particularly suitable for schemes that have been closed to new entrants and have no active members. The current arrangements as regards to the contribution levels are described in the schedule of contributions dated 29 October 2014. The company has agreed to continue the same contributions following the conclusion of the 1 April 2016 actuarial valuation.

The market value of the plan's insured assets in the full actuarial valuation as at 1 April 2016 was £10,297,000. The actuarial value of the plan's assets represented 88% of the actuarial value of the plan's liabilities at that date. The principal assumptions affecting the valuation were that the yield on assets and the pre-retirement discount rate are in line with each other at a valuation of 4.5% per annum, and post retirement discount rate is 2.2% per annum.

An independent actuary has undertaken a review as at 31 March 2017 for the purposes of FRS 102, Section 28 Employee Benefits. The value of the liabilities have been calculated with reference to the triennial actuarial valuation at 1 April 2016, making allowance for member movements since that date, and actuarial gains and losses arising since the previous full valuation on 1 April 2013. Valuation assumptions under FRS 102, Section 28 Employee Benefits are not necessarily appropriate for the purposes of a long term funding valuation. The independent actuarial review of the defined benefit plan at 31 March 2017 can be summarised as follows:

The main financial assumptions are as follows:

	2017	2016
	%	%
Rate of increase in pensions in payment	3.10	2.90
Rate of increase in pensions in deferment	2.30	2.00
Discount rate	2.60	3.60
Inflation assumption (RPI)	3.30	3.00
Inflation assumption (CPI)	2.30	2.00

The fair value of the plan assets is made up as follows:

	Fair value of assets	Fair value of assets
	2017	2016
	£000	£000
Equities	6,531	6,149
Corporate bonds	2,026	2,020
Gilts	2,018	1,991
Other assets	150	137
Total fair value of plan assets	10,725	10,297

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

GEOFFREY OSBORNE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

19 Pension costs (continued)

The assets and liabilities in the plan are as follows:

	2017 £000	2016 £000
Fair value of plan assets	10,725	10,297
Present value of plan liabilities	(12,675)	(11,680)
Deficit in plan assets	(1,950)	(1,383)

Reconciliation of present value of defined benefit obligation

	2017 £000	2016 £000
Opening defined benefit obligation	11,680	14,617
Expenses	104	31
Interest cost	369	435
Experience loss/(gain) arising on plan liabilities	455	(340)
Underlying assumptions loss/(gain) in the present value of plan liabilities.	2,374	(1,187)
Settlements	(806)	(1,355)
Benefits paid	(1,501)	(521)
Closing defined benefit obligation	12,675	11,680

Change in fair value of the plan assets

	2017 £000	2016 £000
Opening fair value of the plan assets	10,297	11,963
Interest income	329	363
Actuarial gain/(loss) of plan assets	1,693	(722)
Contributions by employer	780	780
Settlements	(873)	(1,566)
Benefits paid	(1,501)	(521)
Closing fair value of the plan assets	10,725	10,297

Defined benefit costs recognised in the income statement

	2017 £000	2016 £000
Expenses	104	31
Net interest cost	40	72
Losses on settlements	67	211
Defined benefit costs recognised in the income statement	211	314

GEOFFREY OSBORNE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

19 Pension costs (continued)

Defined benefit costs recognised in the consolidated statement of comprehensive income

	2017 £000	2016 £000
Return gain/(loss) arising on plan assets	1,693	(722)
Experience (loss)/gain arising on plan liabilities	(455)	340
Changes in assumptions underlying the present value of plan liabilities	(2,374)	1,187
Total actuarial (loss)/gain	(1,136)	805

Movement in defined benefit liability to be recognised during the year

	2017 £000	2016 £000
Defined benefit liability at the start of the year	(1,383)	(2,654)
Contributions by the employer	780	780
Defined benefit costs recognised in the income statement	(211)	(314)
Total actuarial (loss)/gain recognised in the consolidated statement of comprehensive income	(1,136)	805
Defined benefit liability at the end of the year	(1,950)	(1,383)

20 Called up share capital

Group and company

	2017 £000	2016 £000
Allotted and fully paid		
1,045,000 (2016: 1,045,000) ordinary shares of £1	1,045	1,045

21 Contingent liabilities

The group has given guarantees and indemnities in the normal course of business in respect of the due performance of obligations under building contracts and development agreements. In the opinion of the directors, no material loss will arise from any of these contingent liabilities.

In the normal course of business, claims are received; in relevant cases the board takes appropriate advice and makes a provision where a future liability is probable.

In all cases presently outstanding against the group, after having taken appropriate legal advice, the directors believe that material claims are not likely to be substantiated.

The company and certain of the company's subsidiary undertakings have provided security for the loan notes issued by GCHO Holdings Limited, the ultimate parent company.

GEOFFREY OSBORNE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

22 Financial commitments

Group and company

At 31 March the group and company had total commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2017	2016
	£000	£000
Due within one year	774	814
Due between two and five years	2,255	2,565
Due after 5 years	208	558
	<u>3,237</u>	<u>3,937</u>

In addition the group and the company had commitments for numerous short term operating leases for the hire of plant and machinery normally expiring within one year. It is not practicable to quantify the annual commitment for such contracts.

23 Capital commitments

The group had no capital commitments at 31 March 2017 (2016: nil).

24 Directors' emoluments

	2017	2016
	£000	£000
Aggregate emoluments for qualifying services	1,599	925
Compensation for loss of office	252	162
Company contributions to defined contribution pension scheme	120	131

The number of directors for whom retirement benefits are accruing under defined contribution pension schemes amounted to 10 (2016: 3).

The number of directors for whom retirement benefits have accrued under defined benefit schemes amounted to 2 (2016: 2).

Emoluments and retirement benefits disclosed above include the following amounts relating to the highest paid director:

	2017	2016
	£000	£000
Aggregate emoluments for qualifying services	490	377
Company contributions to defined contribution pension scheme	-	65
	<u>490</u>	<u>442</u>

The directors are considered to be key management of the group.

GEOFFREY OSBORNE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

25 Employees

Number of employees

The average monthly number of employees (including directors) during the financial year was:

	Group		Company	
	2017 Number	2016 Number	2017 Number	2016 Number
Management and technical	696	681	521	516
Construction and manufacturing	175	196	60	60
	<u>871</u>	<u>877</u>	<u>581</u>	<u>576</u>
	Group		Company	
Employment costs	2017 £000	2016 £000	2017 £000	2016 £000
Wages and salaries	39,782	38,975	28,272	27,940
Social security costs	4,356	4,071	3,466	3,256
Other pension costs (note 19)	4,133	4,540	3,346	3,585
	<u>48,271</u>	<u>47,586</u>	<u>35,084</u>	<u>34,781</u>

Other pension costs reflect the contributions payable to the group's defined contribution scheme and the defined benefit costs recognised in the income statement.

26 Ultimate parent company and controlling party

The directors regard GCHO Holdings Limited, a company incorporated in the UK, as the immediate and ultimate parent company and ultimate controlling party. Copies of the consolidated financial statements of GCHO Holdings Limited can be obtained from Fonteyn House, 47-49 London Road, Reigate, Surrey, RH2 9PY.

27 Related party transactions

Group and company

Exemption has been taken from the requirement to disclose related party transactions within the group as permitted by FRS 102 (Section 33). There are no other related party transactions.

During the year to 31 March 2015 the group made available a £2,500,000 loan facility for 30 months on arm's length commercial terms to Reigate No1 Limited, a company owned by substantially the same shareholders of GCHO Holdings Limited. In February 2015 Reigate No1 Limited utilised £1,700,000 of this facility for the purchase of the freehold property at Portfield from the group. During 2016 Reigate No1 Limited utilised a further £300,000 of the facility and in 2017 an additional £400,000 was drawn down. Interest of £76,000 (2016: £65,000) was charged in the year which is payable at the end of the loan period. At 31 March 2017, the balance owed to the group was £2,551,000 (2016: £2,074,000).

During the year the group operated payroll and similar services on behalf of Robinwood Properties Limited, a company owned by substantially the same shareholders as GCHO Holdings Limited, to the value of £11,000 (2016: £11,000). These costs are recharged in full to Robinwood Properties Limited. The balance due to the group at year end was nil (2016: nil).

During 2015 the group invested £5,498,000 into a joint venture, Howard Osborne LLP. This investment was in the form of the purchase of 50% of a property and the legal costs of procurement. At 31 March 2017 the share of the loss before tax for the year was £90,000 (2016: profit £73,000).

During the financial year the group invested a further £1,600,000 into a joint venture, Winchester Student No1 LLP. This investment was in the form of a loan to fund the construction of student accommodation. At 31 March 2017 the share of the profit before tax for the year was £69,000 (2016: loss £80,000).

During the financial year the group invested a further £1,926,000 into a joint venture, Winchester Student No2 LLP. This investment was in the form of a loan to fund the purchase of a plot of land for development into student accommodation. At 31 March 2017 the share of the loss before tax for the year was £21,000 (2016: £6,000).

Directors' emoluments are disclosed in note 24. There were no other transactions with directors.