Constantine Group plc

Directors' report and financial statements

Registered number 649369

31 December 2015

Contents

Strategic Report

The directors present their strategic report for the year ended 31 December 2015.

Principal activities

The principal activities of the group during the year were specialist logistics services, renewable energy, the manufacture of caravans and motorhomes and property investment.

Business review and results

The results for the group for the year show a turnover of £156.4m *(2014: £129.1m)* and a pre-tax profit of £9.1m (*2014: profit of £3.8m)*.

The group is showing a stronger trading performance across all its subsidiaries, with investments made in previous years bearing fruit. Constantine Energy, the group's renewable energy subsidiary, made a substantial contribution to the year's result. The group was also able to pay off debt and strengthen its reserves: there was a reduction in net debt to £2.1m *(2014: £7.0m)* and in the net debt ratio to 6% *(2014: 23%)*. Operating cash inflows were £11.1m *(2014: £2.1m)* and the group has cash reserves of £12.8m *(2014: £6.4m)*. The directors expect the improved cash generation to be sustained.

These group and company financial statements are prepared under FRS 102 *The Financial Reporting Standard applicable in the UK and Ireland* ("FRS 102") for the first time this year. An explanation of how this transition has affected the financial position and financial performance is set out in note 26.

Key performance indicators

Business performance is measured by Key Performance Indicators ("KPIs") which include monitoring of actual results against budget by the Board, at a group level, on a quarterly basis. Examples of KPIs used are:

	2015	2014
Profit for the financial year	**£8.3m**	£3.5m
Net assets	**£38.0m**	£30.6m
Net funds/(debt)	**£2.1m**	£(7.0m)
Gearing ratio	**28%**	44%

The subsidiary and associate companies monitor appropriate KPIs necessary for the understanding of the development, performance and financial position of the individual businesses.

Strategic Report *(continued)*

Principal risks and uncertainties

The Board sets the long term strategy and goals for the group. The management of the business and execution of the group's strategy are subject to a number of risks which vary for each of the individual companies within the group.

At a group level the principal risks and uncertainties include:

- Reduced global demand for the group's logistics services;
- Changes in government policy and legislation in the renewable energy sector;
- Depressed consumer demand for high-value leisure products such as caravans and motorhomes;
- Uncertainty on when occupational demand in the property sector will fully recover.

However, the group has cash reserves of £12.8m at its disposal and low levels of debt and is therefore well positioned to react effectively to new opportunities or threats as they arise.

Future developments

The improved economic conditions in the UK noted last year have been sustained and the positive impact is evident across all the operating companies.

The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group is expected to have a sufficient level of financial resources available through current banking facilities and therefore the directors believe that the group is well placed to manage its business risks successfully.

Signed on behalf of the Board

NL Constantine
Director

First Floor River Court
The Old Mill Office Park
Mill Lane
Godalming
Surrey
GU7 1EZ

17th May 2016

Directors' report

The Directors present their Directors' report for the year ended 31 December 2015.

Dividends

Dividends paid during the financial year comprise interim dividends of £1.83 per share in respect of the year ended 31 December 2015. Total dividends paid in the year amounted to £915,926 *(2014: £840,400).*

Directors

Directors holding office during and subsequent to the accounting year were as follows:

PC Sephton	(Chairman until 10 December 2015) (resigned 10 December 2015)
NKG Prescot	(Chief Executive)
NL Constantine	(Non Executive, Chairman from 13 January 2016)
DL Akers-Douglas	(Commercial Director)
K Child-Villiers	(Non Executive)

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

NL Constantine
Director

First Floor River Court
The Old Mill Office Park
Mill Lane
Godalming
Surrey
GU7 1EZ

17th May 2016

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 the parent company and of the profit or loss for that year.

In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

KPMG

KPMG LLP
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX
United Kingdom

Independent auditor's report to the members of Constantine Group plc

We have audited the financial statements of Constantine Group plc for the year ended 31 December 2015 set out on pages 7 to 40. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate**.**

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group and the parent company's affairs as at 31 December 2015 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditor's report to the members of Constantine Group plc *(continued)*

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared are consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Paul Moran (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

17 May 2016

Consolidated profit and loss account and other comprehensive income

for the year ended 31 December 2015

	Note	**£000**	**2015 £000**	£000	2014 £000
Turnover – continuing operations	*2*		**156,356**		129,094
Cost of sales			**(129,208)**		(108,114)
Gross profit			**27,148**		20,980
Administrative expenses	*3*		**(22,959)**		(19,724)
Other operating income	*3*		**981**		442
Profit on sale of investment properties			**300**		1,065
Reversal of impairment losses on properties	*10*		**-**		650
Group operating profit - continuing operations			**5,470**		3,413
Share of operating profit in associates			**4,967**		1,558
Total operating profit			**10,437**		4,971
Other interest receivable and similar income					
Group		**177**		116	
Associates		**7**		10	
			184		126
Interest payable and similar charges	*6*				
Group		**(738)**		(785)	
Associates		**(803)**		(467)	
			(1,541)		(1,252)
Profit on ordinary activities before taxation	*2-6*		**9,080**		3,845
Tax on profit on ordinary activities			**(799)**		(335)
Profit for the financial year			**8,281**		3,510
Other comprehensive income					
Foreign exchange differences on consolidation			**16**		(28)
Total comprehensive income for the year			**8,297**		3,482

Consolidated balance sheet
at 31 December 2015

	Note	**2015** **£000**	**£000**	2014 £000	£000
Fixed assets					
Intangible assets	8		**4,196**		4,559
Tangible assets	*9*		**22,781**		22,289
Investment property	*10*		**6,703**		9,376
Investments in associates	*11*		**10,636**		4,377
Other investments	*11*		**27**		31
			44,343		40,632
Current assets					
Stocks	*12*	**10,623**		10,452	
Debtors (including £190,000 *(2014: £1,182,000)* due after more than one year)	*13*	**12,555**		12,778	
Cash at bank and in hand	*14*	**12,848**		6,411	
		36,026		29,641	
Creditors: amounts falling due within one year	*15*	**(35,380)**		(25,749)	
Net current assets			**646**		3,892
Total assets less current liabilities			**44,989**		44,524
Creditors: amounts falling due after more than one year	*16*		**(4,011)**		(11,096)
Provisions for liabilities					
Deferred tax liability	*19*	**-**		(296)	
Other provisions	*19*	**(2,952)**		(2,487)	
			(2,952)		(2,783)
Net assets			**38,026**		30,645
Capital and reserves					
Called up share capital	*20*		**500**		500
Share premium account			**720**		720
Capital redemption reserve			**3,318**		3,318
Other reserves			**227**		227
Profit and loss account			**33,261**		25,880
Shareholders' funds			**38,026**		30,645

These financial statements were approved by the board of directors on 17th May 2016 and were signed on its behalf by:

NKG Prescot

NKG Prescot
Director

NL Constantine
Director

Registered number: 649369

Company balance sheet
at 31 December 2015

	Note	**2015**		2014	
		£000	**£000**	£000	£000
Fixed assets					
Tangible assets	9		**50**		83
Investments	*11*		**20,903**		19,412
			20,953		19,495
Current assets					
Debtors	*13*	**2,743**		3,975	
Cash at bank and in hand		**1,518**		1,527	
		4,261		5,502	
Creditors: amounts falling due within one year	*15*	**(4,575)**		(3,643)	
Net current (liabilities)/assets			**(314)**		1,859
Net assets			**20,639**		21,354
Capital and reserves					
Called up share capital	*20*		**500**		500
Share premium account			**720**		720
Capital redemption reserve			**3,318**		3,318
Profit and loss account			**16,101**		16,816
Shareholders' funds			**20,639**		21,354

These financial statements were approved by the board of directors on 17th May 2016 and were signed on its behalf by:

NKG Prescot

NKG Prescot
Director

NL Constantine

NL Constantine
Director

Registered number: 649369

Consolidated Statement of changes in equity

	Called up Share capital £000	Share premium account £000	Capital redemption reserve £000	Other reserves £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2014	500	720	3,318	227	23,238	28,003
Total comprehensive income for the period						
Profit or loss	-	-	-	-	3,510	3,510
Other comprehensive income	-	-	-	-	(28)	(28)
Total comprehensive income for the period	-	-	-	-	3,482	3,482
Transactions with owners, recorded directly in equity						
Dividends	-	-	-	-	(840)	(840)
Total contributions by and distributions to owners	-	-	-	-	(840)	(840)
Balance at 31 December 2014	**500**	**720**	**3,318**	**227**	**25,880**	**30,645**
Balance at 1 January 2015	500	720	3,318	227	25,880	30,645
Total comprehensive income for the period						
Profit or loss	-	-	-	-	8,281	8,281
Other comprehensive income	-	-	-	-	16	16
Total comprehensive income for the period	-	-	-	-	8,297	8,297
Transactions with owners, recorded directly in equity						
Dividends	-	-	-	-	(916)	(916)
Total contributions by and distributions to owners	-	-	-	-	(916)	(916)
Balance at 31 December 2015	**500**	**720**	**3,318**	**227**	**33,261**	**38,026**

Company Statement of changes in equity

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2014	500	720	3,318	15,343	19,881
Total comprehensive income for the period					
Profit or loss	-	-	-	2,313	2,313
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	2,313	2,313
Transactions with owners, recorded directly in equity					
Dividends	-	-	-	(840)	(840)
Total contributions by and distributions to owners	-	-	-	(840)	(840)
Balance at 31 December 2014	**500**	**720**	**3,318**	**16,816**	**21,354**
Balance at 1 January 2015	500	720	3,318	16,816	21,354
Total comprehensive income for the period					
Profit or loss	-	-	-	201	201
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	201	201
Transactions with owners, recorded directly in equity					
Dividends	-	-	-	(916)	(916)
Total contributions by and distributions to owners	-	-	-	(916)	(916)
Balance at 31 December 2015	**500**	**720**	**3,318**	**16,101**	**20,639**

Consolidated cash flow statement

for the year ended 31 December 2015

	Note	**2015**	2014
		£000	£000
Cash flows from operating activities			
Profit for the year		**8,281**	3,510
Adjustments for:			
Depreciation, amortisation and impairment		**2,214**	2,184
Share of operating profit in associates		**(4,967)**	(1,558)
Change in value of investment property		**-**	(650)
Interest receivable and similar income		**(184)**	(126)
Interest payable and similar charges		**1,541**	1,252
Gain on sale of tangible fixed assets		**(300)**	(1,065)
Taxation		**799**	335
		7,384	3,882
Decrease in trade and other debtors		**380**	1,390
Increase in stocks		**(171)**	(5,914)
Increase in trade and other creditors		**4,362**	3,863
Increase in provisions		**433**	132
		12,388	3,353
Dividends paid		**(916)**	(840)
Tax paid		**(371)**	(428)
Net cash from operating activities		**11,101**	2,085
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		**19**	34
Proceeds from sale of investment property		**3,050**	5,985
Interest received		**68**	47
Dividends received		**497**	50
Acquisition of tangible fixed assets		**(2,171)**	(9,511)
Acquisition of investment property		**(77)**	-
New loans made to associated undertakings		**(2,500)**	-
Net cash from investing activities		**(1,114)**	(3,395)
Cash flows from financing activities			
Proceeds from new loan		**-**	2,900
Interest paid		**(706)**	(753)
Repayment of borrowings		**(1,501)**	(2,865)
Payment of finance lease liabilities		**(447)**	(124)
Net cash from financing activities		**(2,654)**	(842)
Net increase/(decrease) in cash and cash equivalents		**7,333**	(2,152)
Cash and cash equivalents at 1 January		**5,515**	7,667
Cash and cash equivalents at 31 December		**12,848**	5,515

Notes
(forming part of the financial statements)

1 Accounting policies

Constantine Group plc (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*) as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling.

In the transition to FRS 102 from old UK GAAP, the Group has made measurement and recognition adjustments. An explanation of how the transition to FRS 102 has affected financial position and financial performance of the Group is provided in note 26.

In the transition to FRS 102 from old UK GAAP, the Company has made measurement and recognition adjustments. An explanation of how the transition to FRS 102 has affected financial position and financial performance of the Company is provided in note 26.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements:

- Business combinations – Business combinations that took place prior to 1 January 2014 have not been restated.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included a second time.
- Certain disclosures required by FRS 102.26 Share Based Payments; and,
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. On first time adoption of FRS 102, the Group and Company has not retrospectively changed its accounting under old UK GAAP for derecognition of financial assets and liabilities before the date of transition.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 24.

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments classified at fair value through the profit or loss and investment property.

Notes *(continued)*

1 Accounting policies *(continued)*

Going concern

The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group is expected to have a sufficient level of financial resources available through current banking facilities and therefore the directors believe that the group is well placed to manage its business risks successfully. The group has recorded a profit of £8.3m and, at the year end the group has cash at bank of £12.8m, with £6.7m of debt falling due for payment within one year (note 17).

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to prepare the financial statements on a going concern basis.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2015. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

An associate is an entity in which the Group has significant influence, but not control, over the operating and financial policies of the entity. Significance influence is presumed to exists when the investors holds between 20% and 50% of the equity voting rights.

A joint venture is a contractual arrangement undertaking in which the Group exercises joint control over the operating and financial policies of the entity. Where the joint venture is carried out through an entity, it is treated as a jointly controlled entity. The Group's share of the profits less losses of associates and of jointly controlled entities is included in the consolidated profit and loss account and its interest in their net assets is recorded on the balance sheet using the equity method.

Where a group company is party to a joint venture which is not an entity that company accounts directly for its part of the income and expenditure, assets, liabilities and cash flows. Such arrangements are reported in the consolidated financial statements on the same basis.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries, jointly controlled entities and associates are carried at cost less impairment.

Foreign currency

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

Notes *(continued)*

1 Accounting policies *(continued)*

Classification of financial instruments issued by the group

In accordance with FRS 102.22, financial instruments issued by the group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and

(b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Other financial instruments

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment; and
- hedging instruments in a designated hedging relationship shall be recognised as set out below.

Notes *(continued)*

1 Accounting policies *(continued)*

Other financial instruments *(continued)*

Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at below.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Freehold property	-	2% on cost
Short leasehold property	-	equal instalments over the lesser of the year of the lease and ten years
Plant and machinery	-	10% - 20% on cost
Office furniture and equipment	-	12% - 33% on cost
Motor vehicles	-	25% on written down value

No depreciation is provided on freehold land.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the group recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

When the excess is negative, this is recognised and separately disclosed on the face of the balance sheet as negative goodwill.

Notes *(continued)*

1 Accounting policies *(continued)*

Business combinations *(continued)*

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

FRS 102.35 grants certain exemptions from the full requirements of FRS 102 in the transition period. The Group elected not to restate business combinations that took place prior to 1 January 2014. In respect of acquisitions prior to 1 January 2014, goodwill is included on the basis of its deemed cost, which represents the amount recorded under old UK GAAP. Intangible assets previously included in goodwill, are not recognised separately.

Intangible assets, goodwill and negative goodwill

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Negative goodwill

Negative goodwill arising on business combinations in respect of acquisitions is included on the balance sheet immediately below any positive goodwill and released to the profit and loss account in the periods in which the non-monetary assets arising on the same acquisition are recovered. Any excess exceeding the fair value of non-monetary assets acquired shall be recognised in profit or loss in the periods expected to benefit.

Amortisation

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 20 years.

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

Government grants

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred.

Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Subsequent to initial recognition

i. investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise; and

ii. no depreciation is provided in respect of investment properties applying the fair value model.

If a reliable measure is not available without undue cost or effort for an item of investment property, this item is thereafter accounted for as tangible fixed assets in accordance with section 17 until a reliable measure of fair value becomes available.

Notes *(continued)*

1 Accounting policies *(continued)*

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Impairment excluding stocks, investment properties and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the entity's non-financial assets, other than investment property, stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire group of entities into which it has been integrated.

Impairment excluding stocks, investment properties and deferred tax assets

Non-financial assets

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes *(continued)*

1 Accounting policies *(continued)*

Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

The group also operated a pension scheme providing benefits based on final pensionable pay (see note 21).

The Executive Share Option Scheme in place allows certain of the company's directors to acquire shares of the parent company, Constantine Group plc.

The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted.

The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where variations are due only to share prices not achieving the threshold for vesting.

Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the parent Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability in its individual financial statements until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established.

Notes *(continued)*

1 Accounting policies *(continued)*

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the asset/property. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date 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.

Turnover

Turnover is measured at the fair value of consideration received or receivable in the normal course of business, net of discounts and VAT where applicable.

Turnover from freight, packing, handling, transportation and storage services (specialist transport services) is recognised when the service has been performed.

Turnover from caravans, motorhomes and retail parts is recognised when the risk and rewards have been transferred. For any deliveries deferred, revenues are recognised when the customer takes control to the goods provided it is probable that delivery will be made, the goods are identified and ready for delivery and usual payment terms apply.

Turnover from rental of properties is recognised on a straight line basis over the terms of the rental agreement.

Notes *(continued)*

2 Analysis of turnover

The analyses of turnover by activity and geographical destination are as follows:

	2015 £000	2014 £000
Activity		
Caravan and motorhome manufacture and retail parts	**85,497**	62,848
Specialist transport services	**70,136**	64,996
Rents receivable	**723**	1,250
	156,356	129,094
Geographical destination		
United Kingdom	**105,080**	84,197
Overseas	**51,276**	44,897
	156,356	129,094

3 Expenses and auditor's remuneration

	2015 £000	2014 £000
Included in profit/loss are the following:		
Foreign exchange gains	**(61)**	(134)

Other operating income comprises management charges made to associated undertakings. In 2014 it also included amounts received in respect of dilapidations.

Auditor's remuneration:	2015 £000	2014 £000
Audit of these financial statements	**24**	24
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	**81**	87
Taxation compliance services	**32**	34
Other services relating to taxation	**12**	14
Other services	**15**	15

Amounts paid to the company's auditor in respect of services to the company, other than the audit of the company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

Notes *(continued)*

4 Remuneration of directors

	2015	2014
	£000	£000
Directors’ emoluments	**650**	742
Amounts receivable under long term incentive schemes	**1,744**	496
Company contributions to money purchase pension schemes	**-**	33
	2,394	1,271

The emoluments of the highest paid director were £270,000 *(2014: £246,000)* and amounts receivable under long term incentive schemes were £872,000 *(2014: £248,000).* Company pension contributions of £nil *(2014: £7,500)* were made to a money purchase pension scheme on his behalf. Retirement benefits are not accruing to any directors under money purchase pension schemes *(2014: three)*.

Subsequent to the year end certain directors have waived amounts receivable under long term incentive schemes totalling £872,000. In lieu of this it is anticipated that these directors will be awarded shares in the company.

Executive Share Option Scheme

The Executive Share Option Scheme was approved by a resolution of the shareholders at the Annual General Meeting held on 23 February 2011. The company granted 50,000 share options under the scheme to three of its directors on 3 October 2014. The principal vesting conditions include continued service through the vesting period and a non-market based hurdle in respect of return to shareholders through cumulative net asset and dividend growth, which should cumulatively be at least 7% per annum in the period from 1 September 2012 until the financial year end immediately preceding the exercise date. The exercise period is from 1 September 2015 to 31 December 2022. It is a condition of the scheme that no further options are issued to the Executive Directors without further shareholder approval and no such approval will be sought for at least three years.

The share based payment charge arising on these share options has not been reflected in these financial statements on the grounds that it is not material.

In addition to the above, during the year growth shares in a subsidiary were awarded to certain directors of that subsidiary under a long term incentive plan. The growth shares are non-voting shares with no entitlement to dividends. The principal conditions include the continued service through the vesting period to 30 June 2018 and a non-market based hurdle.

No charge in relation to this award has been reflected in these financial statements on the grounds that it is not material.

5 Staff numbers and costs

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows:

	Number of employees Group	
	2015	2014
Management	**17**	14
Administration and clerical	**155**	156
Production	**309**	285
Other labour	**60**	61
	541	516

Notes *(continued)*

5 Staff numbers and costs *(continued)*

The aggregate payroll costs of these persons were as follows:

	Group	
	2015	2014
	£000	£000
Wages and salaries	**19,175**	16,236
Social security costs	**2,120**	1,717
Other pension costs (note 21)	**550**	456
	21,845	18,409

6 Interest payable and similar charges

	2015	2014
	£000	£000
On bank loans and overdrafts	**516**	554
Other	**108**	80
On finance leases and similar hire purchase contracts	**82**	119
Unwinding of discount on provisions (note 19)	**32**	32
	738	785
Share of associates interest payable	**803**	467
	1,541	1,252

7 Taxation

Total tax expense recognised in the profit and loss account

	2015		2014	
	£000	**£000**	£000	£000
UK corporation tax				
Current tax on income for the year	**1,355**		138	
Adjustment in respect of prior years	**(85)**		(65)	
		1,270		73
Share of associates current tax		**(100)**		100
Foreign tax				
Current tax on income for the year		**67**		(2)
Total current tax		**1,237**		171
Deferred tax (see note 19)				
Reversal of timing differences	**(227)**		189	
Adjustments in respect of previous years	**(212)**		(6)	
Change in rate	**(14)**		(19)	
		(453)		164
Share of associates deferred tax		**15**		-
Total tax		**799**		335

Notes *(continued)*

7 Taxation *(continued)*

Reconciliation of effective tax rate

	2015	2014
	£	£
Profit for the year	**8,281**	3,510
Total tax expense	**799**	335
Profit excluding taxation	**9,080**	3,845
Tax using the UK corporation tax rate of 20.25% *(2014: 21.49%)*	**1,839**	826
Effect of tax rates in foreign jurisdictions	**62**	(14)
Research and development credits	**-**	(47)
Reduction in tax rate on deferred tax balances	**70**	(8)
Non-deductible expenses	**128**	162
Tax exempt revenues	**(875)**	(409)
Fixed asset impairments not taxable	**-**	82
Recognition of previously unrecognised tax losses	**(48)**	-
Unrecognised tax losses	**-**	47
Chargeable gains	**20**	(233)
Under / (over) provided in prior years	**(397)**	(71)
Total tax expense included in profit or loss	**799**	335

Factors that may affect future, current and total tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. The deferred tax liability at 31 December 2015 has been calculated based on these rates. An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future current tax charge accordingly.

8 Intangible fixed assets

Group	**Negative goodwill** £000	**Goodwill** £000	**Total** £000
Cost			
At beginning and end of year	(5)	9,927	9,922
Amortisation and impairment			
At beginning of year	(5)	5,368	5,363
Charged in year	-	363	363
At end of year	(5)	5,731	5,726
Net book value			
At 31 December 2015	-	**4,196**	**4,196**
At 31 December 2014	-	4,559	4,559

Notes *(continued)*

8 Intangible fixed assets *(continued)*

Goodwill of £3,757,000 arising on the acquisition of Peters & May Limited is being amortised over 20 years.

Goodwill of £1,735,000 arising on the acquisition of Peters & May USA Inc. is being amortised over 20 years.

Goodwill of £2,518,000 arising on the acquisition of 100% of Simtex International Limited is being amortised over 20 years.

Goodwill of £1,669,000 arising on the acquisition of 100% of Complete Freight Holdings Limited and Complete Freight Limited is being amortised over 20 years.

Negative goodwill of £5,000 arising on the acquisition of 75% of Peters & May Spain S.L. was released to the profit and loss account in line with the recovery of the non-monetary assets acquired. Goodwill of £248,000 arising on the acquisition of the remaining 25% of Peters & May Spain S.L. has been impaired to £nil during a prior year.

These businesses are long standing and well established and the directors believe the group will continue to derive financial benefit over these years.

9 Tangible fixed assets

	Land and buildings		Plant, machinery, fixtures, equipment and motor vehicles	Assets in the course of construction	Total
	Freehold	**Short leasehold**			
	£000	£000	£000	£000	£000
Group					
Cost					
At beginning of year	10,485	10,825	16,429	273	38,012
Additions	10	577	1,601	172	2,360
Transfers	-	-	273	(273)	-
Disposals	-	(162)	(1,159)	-	(1,321)
Exchange differences	-	1	5	-	6
At end of year	10,495	11,241	17,149	172	39,057
Depreciation					
At beginning of year	1,358	1,559	12,806	-	15,723
Charged in year	118	678	1,055	-	1,851
Disposals	-	(162)	(1,140)	-	(1,302)
Exchange differences	-	-	4	-	4
At end of year	1,476	2,075	12,725	-	16,276
Net book value					
At 31 December 2015	**9,019**	**9,166**	**4,424**	**172**	**22,781**
At 31 December 2014	9,127	9,266	3,623	273	22,289

Notes *(continued)*

9 Tangible fixed assets *(continued)*

The gross book value of freehold land and buildings includes £759,000 (*2014: £759,000)* of non-depreciable land.

Included in the total net book value of plant, machinery and motor vehicles and fixtures, fittings, tools and equipment is £1,062,405 *(2014: £1,188,262)* in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £277,667 *(2014: £327,276)*.

Assets in the course of construction are not depreciated until they are brought into use.

	Land and buildings - short leasehold	**Fixtures, fittings, tools and equipment**	**Total**
	£000	£000	£000
Company			
Cost			
At beginning of year	75	100	175
Additions	-	3	3
Disposals	-	(3)	(3)
At end of year	75	100	175
Depreciation			
At beginning of year	19	73	92
Charged in year	12	22	34
On disposals	-	(1)	(1)
At end of year	31	94	125
Net book value			
At 31 December 2015	**44**	**6**	**50**
At 31 December 2014	56	27	83

Notes *(continued)*

10 Investment property

	Freehold investment properties	Long leasehold investment properties	Total
	£000	£000	£000
At beginning of year	5,796	3,580	9,376
Additions	77	-	77
Disposals	-	(2,750)	(2,750)
At end of year	**5,873**	**830**	**6,703**
Historical cost net book value	**7,333**	**610**	**7,943**

All of the investment property was valued by an external independent valuer on a fair value basis in the period ended 31 December 2014. At 31 December 2015 the investment properties have been valued by the directors. This valuation exercise concluded that there has been no material change in value during 2015.

The valuations, which were supported by market evidence, were prepared by considering the aggregate of the net annual rents receivable from the properties and where relevant, associated costs. A yield which reflects the specific risks inherent in the net cash flows is then applied to the net annual rentals to arrive at the property valuation.

Any gain or loss arising from a change in fair value is recognised in profit or loss. Rental income from investment property is accounted for as turnover as described in note 1.

11 Fixed asset investments

	Interests in associated undertakings				
Group	**Loans**	**Net assets**	**Goodwill**	**Total**	**Other investments**
	£000	£000	£000	£000	£000
Cost					
At beginning of year	2,300	1,198	300	3,798	31
Additions	2,500	-	-	2,500	-
Disposals	-	-	-	-	(4)
At end of year	4,800	1,198	300	6,298	27
Share of post acquisition reserves					
At beginning of year	-	579	-	579	-
Retained profits less losses	-	4,256	-	4,256	-
Dividend received	-	(497)	-	(497)	-
At end of year	-	4,338	-	4,338	-
Net book value					
At 31 December 2015	**4,800**	**5,536**	**300**	**10,636**	**27**
At 31 December 2014	2,300	1,777	300	4,377	31

Notes *(continued)*

11 Fixed asset investments *(continued)*

The total of the Group's profit before taxation from interests in associates was £4,171,000 *(2014: profit before taxation £1,101,000).*

	Shares in group undertakings £000	**Loans to group undertakings** £000	**Other investments** £000	**Total** £000
Company				
Cost				
At beginning of year	19,047	11,482	31	30,560
Additions	33	2,500	-	2,533
Funds repaid	-	(250)	-	(250)
Disposals	(976)	-	(9)	(985)
At end of year	18,104	13,732	22	31,858
Provisions				
At beginning of year	10,006	1,142	-	11,148
(Reversal of)/impairment	(193)	-	-	(193)
At end of year	9,813	1,142	-	10,955
Net book value				
At 31 December 2015	**8,291**	**12,590**	**22**	**20,903**
At 31 December 2014	9,041	10,340	31	19,412

Details of all of the subsidiaries of the company and the group are disclosed in note 25. All of the subsidiary undertakings of the company and the group are incorporated in Great Britain and registered in England and Wales, except for Peters & May USA Inc. incorporated in USA, Peters & May France S.A.R.L. incorporated in France Peters & May (China) Co Limited, incorporated in China, Peters & May Italy S.R.L., incorporated in Italy and Peters & May GmbH incorporated in Germany.

12 Stocks

	2015 **£000**	2014 £000
Group		
Raw materials and consumables	**3,159**	3,076
Work in progress	**723**	1,035
Finished goods	**6,741**	6,341
	10,623	10,452

The company has no stocks.

Notes *(continued)*

13 Debtors

	Group		Company	
	2015	`2014	**2015**	2014
	£000	£000	**£000**	£000
Trade debtors	**9,651**	9,407	**-**	-
Amounts owed by group undertakings	**-**	-	**1,428**	2,315
Amounts owed by undertakings in which the group has a participating interest	**862**	1,511	**862**	1,321
Group relief receivable	**-**	-	**-**	301
Deferred tax asset (see note 19)	**157**	-	**408**	1
Other debtors	**295**	359	**-**	-
Prepayments and accrued income	**1,590**	1,501	**45**	37
	12,555	12,778	**2,743**	3,975

Group trade debtors include £nil *(2014: £992,000)* due after more than one year. Group other debtors include £190,000 *(2014: £190,000)* due after more than one year.

14 Cash and cash equivalents

	Group	
	2015	2014
	£000	£000
Cash at bank and in hand	**12,848**	6,411
Bank overdraft	**-**	(896)
	12,848	5,515

15 Creditors: amounts falling due within one year

	Group		Company	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Bank overdraft	**-**	896	**-**	-
Bank term loan (see note 17)	**5,744**	657	**-**	-
Other loans (see note 17)	**526**	318	**-**	-
Obligations under finance leases and hire purchase contracts (see notes 17 and 18)	**466**	439	**-**	-
Trade creditors	**12,094**	12,468	**21**	18
Amounts owed to group undertakings	**-**	-	**2,062**	2,878
Amounts owed to undertakings in which the group has a participating interest	**-**	2	**-**	-
Corporation tax	**1,077**	111	**44**	-
Other taxation and social security	**1,248**	1,161	**119**	99
Accruals and deferred income	**12,665**	9,119	**2,329**	623
Other creditors	**1,560**	469	**-**	25
Other financial liabilities	**-**	109	**-**	-
	35,380	25,749	**4,575**	3,643

Notes *(continued)*

15 Creditors: amounts falling due within one year *(continued)*

The overdraft which is in The Explorer Group is secured by a legal charge over the land and a debenture over the entire assets of that company.

Other financial liabilities comprise the fair value of an interest rate swap which is designated as fair value through profit and loss.

16 Creditors: amounts falling due after more than one year

	Group		Company	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Bank term loans (note 17)	**1,959**	8,545	**-**	-
Obligations under finance leases and hire purchase contracts	**330**	619	**-**	-
Other loans	**1,722**	1,932	**-**	-
	4,011	11,096	**-**	-

17 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's and parent Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	Group		Company	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Creditors falling due more than one year				
Secured bank loans	**1,959**	8,545	-	-
Other loans	**1,722**	1,932	-	-
Finance lease liabilities	**330**	619	-	-
	4,011	11,096	-	-
Creditors falling due within less than one year				
Secured bank loans	**5,744**	657	-	-
Other loans	**526**	318	-	-
Finance lease liabilities	**466**	439	-	-
Amounts owed to group undertakings	**-**	-		
	6,736	1,414		

Notes *(continued)*

17 Interest-bearing loans and borrowings *(continued)*

Terms and debt repayment schedule

Group	Currency	Nominal interest rate	Year of maturity	2015 £000	2014 £000
Secured bank loans (Constantine Land)	GBP	LIBOR + 2.25%	2016	**5,494**	6,870
Secured bank loans (Constantine Limited)	GBP	LIBOR + 2.75%	2020	**2,209**	2,332
Other loans	GBP	3.0%-4.0%	2020	**2,248**	2,250
Finance lease liabilities	GBP	Varied	2017-20	**796**	1,058
				10,747	12,510

Constantine Land Limited has secured bank loans totalling £5.494 million *(2014: £6.869 million)* at the year end. This loan expires on 31 December 2016. Although the directors have not as yet entered into formal negotiations with the company's bankers they foresee no problems with renewing this facility on acceptable terms when it falls for renewal. This loan is secured by first legal charges over specific properties of the company and a cross guarantee with certain subsidiaries of Constantine Land Limited. Interest is charged at 2.25% above LIBOR. Under the terms of this facility, a Drawdown Notice is submitted to draw the amount required for a period of up to 3 months. On maturity the loan is repaid and replaced by the amount required under a new Drawdown Notice. In accordance with the presentation requirements of FRS 102 Section 11 'Basic financial instruments' these liabilities have been classified according to the maturity date of the longest permitted refinancing which is allowed under this arrangement.

The secured bank loans relating to Constantine Limited are secured by means of a fixed charge over certain of Constantine Limited's land and buildings. This secured loan matures in 2020 and is subject to interest at 2.75% above LIBOR.

The other loans, which are comprised of three chattel mortgages in Constantine Limited, are secured against certain of the Constantine Limited's tangible fixed assets to which the loans relate. The other loans are subject to interest in the range of 3.0% - 4.0% and mature in 2020.

The finance leases, which arise in Constantine Limited and The Explorer Group, are secured against the assets to which they relate.

18 Other interest-bearing loans and borrowings

Finance lease liabilities

Finance lease liabilities are payable as follows:

Group	Minimum lease payments 2015 £000	Minimum lease payments 2014 £000
Less than one year	**505**	520
Between one and five years	**384**	675
More than five years	**-**	-
	889	1,195

The company had no finance lease liabilities at the year end.

Notes *(continued)*

19 Provisions for liabilities

	Warranty provision £000	**Deferred taxation** £000
Group		
At beginning of year	2,487	296
Utilised during the year	(1,276)	-
Charge to profit and loss in year	1,709	(453)
Unwinding of discount on provision	32	-
Transferred to debtors (note 13)	-	157
At end of year	**2,952**	**-**

The warranty provision represents estimated future costs in respect of warranty obligations arising from caravan and motor home sales made by The Explorer Group Limited, on which the warranty term is up to ten years, discounted accordingly.

The elements of deferred taxation are as follows:

	2015 **£000**	2014 £000
Difference between accumulated depreciation and capital allowances	**365**	463
Other timing differences	**(522)**	(167)
Losses	**-**	-
Deferred tax (asset)/liability	**(157)**	296

	Deferred taxation £000
Company	
At beginning of year	-
Transferred from debtors (see note 13)	(1)
Charge for year	(407)
Transferred to debtors (see note 13)	408
At end of year	**-**

The company has a deferred tax asset of £408,000 *(2014: £1,000)* in respect of other timing differences. This is included in debtors (note 13).

20 Capital and reserves

Share capital

	2015 **£000**	2014 £000
In issue at 1 January and 31 December		
Allotted, called up and fully paid		
500,238 *(31 December 2014: 500,238)* ordinary shares of £1 each	**500**	500

Notes *(continued)*

20 Capital and reserves *(continued)*

Dividends

	2015	2014
	£000	£000
Final dividend paid in respect of prior years but not recognised as a liability in that year	**-**	-
Interim dividend paid	**916**	840
Total	**916**	840

The cumulative amount of goodwill written off to the consolidated profit and loss account resulting from acquisitions made prior to December 1987 cannot be obtained without undue delay and expense. Cumulative goodwill written off to the profit and loss account since that date on acquisitions prior to 1 September 1998 amounts to £9,517,000 *(2014: £9,517,000).*

21 Employee benefits

The group has a number of defined contribution pension schemes. The pension cost charge for the year in respect of these schemes represents contributions payable by the group to the schemes and amounted to £550,000 *(2014: £456,000).*

Contributions amounting to £91,080 *(2014: £58,816)* were payable to the schemes at the end of the year and are included in creditors.

The group also operated the Constantine Holdings Limited Superannuation Fund. This scheme was accepted by the Financial Assistance Scheme and hence disclosures are no longer required. These can be found in previous years' accounts. On 25 March 2015, the scheme was assumed by the Financial Assistance Scheme.

22 Commitments

Capital commitments at the end of the financial year, for which no provision has been made, are as follows:

	Group		**Company**	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Contracted	**417**	722	**-**	-

Non-cancellable operating lease rentals are payable as follows:

	Group		**Company**	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Less than one year	**867**	878	**10**	-
Between one and five years	**3,570**	3,384	**-**	-
More than five years	**5,692**	6,664	**-**	-
	10,129	10,926	**10**	-

During the year £1,442,000 was recognised as an expense in the profit and loss account in respect of operating leases *(2014: £1,277,000).*

Notes *(continued)*

23 Contingent liabilities

Certain subsidiaries have given guarantees to HM Customs & Excise totalling £15,500 *(2014: £15,500)*.

24 Subsidiaries and associates

Company subsidiaries	**Nature of business**
Constantine Land Limited	Property investment and management
The Explorer Group Limited	Caravan and motorhome manufacturer
Constantine International Limited	Specialist logistics
Constantine Energy Limited	Renewable energy
Constantine Limited	Specialist logistics
Wingate and Johnston Limited	Dormant
Constantine Holdings (2008) Limited	Dormant
Group subsidiaries	
Peters & May Limited	Specialist logistics
Peters & May USA Inc.	Specialist logistics
Peters & May France SARL	Specialist logistics
Peters & May Italy S.R.L	Specialist logistics
Peters & May Germany GmbH	Specialist logistics
Peters & May (China) Co Ltd	Specialist logistics
Peters & May Group Limited	Specialist logistics
Peters & May Global Logistics Limited	Specialist logistics
Simtex International Limited	Specialist logistics
Constantine Property Management Limited	Property management
CL58TS Limited	Property management
Clondermot Investments Limited	Dormant
Simtex Logistics Limited	Holding company
Complete Freight Limited	Dormant
Cigisped Limited	Dormant
Corporate Express Couriers Limited	Dormant
Elddis Caravans (Consett) Limited	Dormant
Autohomes Limited	Dormant
Compass Caravans Limited	Dormant

In each case the group's interest is in 100% of the ordinary shares of the company.

Group Associates	
TGC Renewables Group Limited	Renewable energy
TGC Renewables Limited	Renewable energy
Constantine Wind Energy Limited	Renewable energy
CWE Northwind Limited	Renewable energy
CWE Endurance Limited	Renewable energy
CWE Norwin Limited	Renewable energy
CWE DS Limited	Renewable energy
CWE NW3 Limited (formerly Clean Earth Northern Turbines Limited)	Renewable energy
CWE WH Limited	Renewable energy
CWE Struan Limited	Renewable energy
CWE Meikle Float Limited	Renewable energy
CWE Airdrie Limited	Renewable energy
CWE Gardrum Limited	Renewable energy
CWE Jacobshall Limited	Renewable energy
CWE X Limited	Renewable energy

Notes *(continued)*

24 Subsidiaries and associates *(continued)*

The groups' interest in Constantine Wind Energy Limited is in 42.5% of the ordinary share capital. CWE Northwind Limited, CWE Endurance Limited, CWE DS Limited, CWE NW3 Limited, CWE X Limited and CWE Norwin Limited are wholly owned by Constantine Wind Energy Limited. CWE WH Limited is 80% owned by Constantine Wind Energy Limited and CWE Struan Limited, CWE Airdrie Limited, CWE Gardrum Limited, CWE Jacobshall Limited and CWE Meikle Float Limited are wholly owned by CWE WH Limited.

Transactions with these undertakings during the year and balances outstanding at the end of the year were as follows:

	2015		
	Purchases from £000	Sales to £000	Balance outstanding debtor/ (creditor) £000
Constantine Wind Energy Limited	-	509	300
CWE Northwind Limited	-	-	-
CWE Endurance Limited	-	-	-
CWE DS Limited	-	-	-
CWE NW3 Limited (formerly Clean Earth Northern Turbines Limited)	-	-	-
CWE X Limited	-	-	-
CWE Norwin Limited	-	43	9
CWE WH Limited	-	-	-
CWE Struan Limited	-	-	-
CWE Meikle Float Limited	-	-	-
CWE Airdrie Limited	-	37	3
CWE Gardrum Limited	-	36	6
CWE Jacobshall Limited	-	44	53
TGC Renewables Group Limited	-	10	7
TGC Renewables Limited	-	-	-
Morsol Limited	-	348	296

	2014		
	Purchases from £000	Sales to £000	Balance outstanding debtor/ (creditor) £000
Constantine Wind Energy Limited	-	392	3,518
CWE Northwind Limited	-	98	5
CWE Endurance Limited	-	30	8
CWE DS Limited	-	-	-
CWE NW3 Limited (formerly Clean Earth Northern Turbines Limited)	-	-	-
CWE X Limited			
CWE Norwin Limited	-	144	-
CWE WH Limited	-	-	-
CWE Struan Limited	-	29	-
CWE Meikle Float Limited	-	58	58
CWE Airdrie Limited	-	41	41
CWE Gardrum Limited	-	-	-
CWE Jacobshall Limited	-	-	-
TGC Renewables Group Limited	-	-	-
TGC Renewables Limited	-	301	42

Notes *(continued)*

25 Accounting estimates and judgements

In the preparation of the financial statements, it is necessary for the management of the company to make estimates and certain presumptions that can affect the valuation of the assets and liabilities and the outcome of the income statement. The actual outcome may differ from these estimates and presumptions. The most significant estimates made in these accounts relates to the warranty provision (note 19), the valuation of investment properties (note 10) and turnover recognition (note 1). The directors have estimated future costs in respect of warranty obligations and consider the level of the provision to be appropriate based upon the history of past claims and the number of units sold. Turnover is recognised when the risk and rewards have been transferred to third party customers. For deliveries deferred at the customer's request, revenues are recognised when the customer takes title to the goods provided it is probable that delivery will be made, the goods are identified and ready for delivery and usual payment terms apply.

26 Explanation of transition to FRS 102 from old UK GAAP

As stated in note 1, these are the Group's and the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2015 and the comparative information presented in these financial statements for the year ended 31 December 2014.

Group

In preparing its FRS 102 balance sheet, the Group has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 102 has affected the Group's financial position and financial performance is set out in the following tables.

Notes *(continued)*

26 Explanation of transition to FRS 102 from old UK GAAP *(continued)*

Reconciliation of group equity

		1 January 2014 Effect of transition to FRS 102				
	UK GAAP* £000	Reclassification of investment property £000	Revaluation of properties £000	Recognition of interest rate swap £000	Lease incentive recognition £000	FRS 102 £000
Fixed assets						
Intangible assets	4,923	-	-	-	-	4,923
Tangible fixed assets	28,231	(12,370)	-	-	-	15,861
Investment property	-	12,370	-	-	-	12,370
Investments in associates	3,427	-	-	-	-	3,427
Other investments	65	-	-	-	-	65
	36,646	-	-	-	-	36,646
Current assets						
Stocks	4,538	-	-	-	-	4,538
Debtors	14,168	-	-	-	-	14,168
Cash at bank and in hand	8,051	-	-	-	-	8,051
	26,757	-	-	-	-	26,757
Creditors: amounts due within one year	(20,482)	-	-	(178)	(87)	(20,747)
Net current assets	6,275	-	-	(178)	(87)	6,010
Creditors: amounts falling due after more than one year	(12,197)	-	-	-	-	(12,197)
Provisions for liabilities						
Deferred tax liability	(186)	-	-	36	17	(133)
Other provision	(2,323)	-	-	-	-	(2,323)
Net assets	28,215	-	-	(142)	(70)	28,003
Capital and reserves						
Called up share capital	500	-	-	-	-	500
Share premium account	720	-	-	-	-	720
Revaluation reserve	489	-	(489)	-	-	-
Capital redemption reserve	3,318	-	-	-	-	3,318
Other reserves	227	-	-	-	-	227
Profit and loss account	22,961	-	489	(142)	(70)	23,238
Shareholders' equity	28,215	-	-	(142)	(70)	28,003

* The UK GAAP column is the balance sheet figures as previously reported in the financial statements in accordance with the old basis of accounting (UK GAAP).

Notes *(continued)*

26 Explanation of transition to FRS 102 from old UK GAAP *(continued)*

Reconciliation of group equity

	31 December 2014 Effect of transition to FRS 102					
	UK GAAP* **£000**	**Reclassification of investment property £000**	**Revaluation of properties £000**	**Recognition of interest rate swap £000**	**Lease incentive recognition £000**	**FRS 102 £000**
Fixed assets						
Intangible assets	**4,559**	-	-	-	-	**4,559**
Tangible fixed assets	**31,665**	**(9,376)**	-	-	-	**22,289**
Investment property	**-**	**9,376**	-	-	-	**9,376**
Investments in associates	**4,377**	-	-	-	-	**4,377**
Other investments	**31**	-	-	-	-	**31**
	40,632	-	-	-	-	**40,632**
Current assets						
Stocks	**10,452**	-	-	-	-	**10,452**
Debtors	**12,778**	-	-	-	-	**12,778**
Cash at bank and in hand	**6,411**	-	-	-	-	**6,411**
	29,641	-	-	-	-	**29,641**
Creditors: amounts due within one year	**(25,436)**	-	-	**(109)**	**(204)**	**(25,749)**
Net current assets	**4,205**	-	-	**(109)**	**(204)**	**3,892**
Creditors: amounts falling due after more than one year	**(11,096)**	-	-	-	-	**(11,096)**
Provisions for liabilities						
Deferred tax liability	**(359)**	-	-	**22**	**41**	**(296)**
Other provisions	**(2,487)**	-	-	-	-	**(2,487)**
Net assets	**30,895**	-	-	**(87)**	**(163)**	**30,645**
Capital and reserves						
Called up share capital	**500**	-	-	-	-	**500**
Share premium account	**720**	-	-	-	-	**720**
Revaluation reserve	**709**	-	**(709)**	-	-	**-**
Capital redemption reserve	**3,318**	-	-	-	-	**3,318**
Other reserves	**227**	-	-	-	-	**227**
Profit and loss account	**25,421**	-	**709**	**(87)**	**(163)**	**25,880**
Shareholders' equity	**30,895**	-	-	**(87)**	**(163)**	**30,645**

* The UK GAAP column is the balance sheet figures as previously reported in the financial statements in accordance with the old basis of accounting (UK GAAP).

Notes *(continued)*

26 Explanation of transition to FRS 102 from old UK GAAP *(continued)*

Reconciliation of group profit for 31 December 2014

	UK GAAP £000	Reclassification of investment property £000	Recognition of interest rate swap £000	Lease incentive recognition £000	FRS 102 £000
Turnover	129,094	-	-	-	129,094
Cost of sales	(108,114)	-	-	-	(108,114)
Gross profit	20,980	-	-	-	20,980
Administrative expenses	(19,608)	-	-	(116)	(19,724)
Other operating income	442	-	-	-	442
Share of operating profit in associates	1,558	-	-	-	1,558
Profit on sale of investment properties	1,065	-	-	-	1,065
Reversal of impairment losses on properties	430	220	-	-	650
Interest receivable	57	-	69	-	126
Interest payable and similar charges	(1,252)	-	-	-	(1,252)
Profit on ordinary activities before taxation	3,672	220	69	(116)	3,845
Taxation	(344)	-	(14)	23	(335)
Profit for the year	3,328	220	55	(93)	3,510

Notes *(continued)*

26 Explanation of transition to FRS 102 from old UK GAAP *(continued)*

Company

In preparing its FRS 102 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 102 has affected the Company's financial position and financial performance is set out in the following tables.

Reconciliation of company equity

		1 January 2014			**31 December 2014**		
		UK GAAP	Effect of transition to FRS 102	FRS 102	**UK GAAP**	**Effect of transition to FRS 102**	**FRS 102**
	Note	£000	£000	£000	**£000**	**£000**	**£000**
Fixed assets							
Tangible fixed assets		83	-	83	**83**	**-**	**83**
Investments		28,118	(8,334)	19,784	**28,953**	**(9,541)**	**19,412**
		28,201	(8,334)	19,867	**29,036**	**(9,541)**	**19,495**
Current assets							
Debtors		1,256	-	1,256	**3,975**	**-**	**3,975**
Cash at bank and in hand		2,523	-	2,523	**1,527**	**-**	**1,527**
		3,779	-	3,779	**5,502**	**-**	**5,502**
Creditors: amounts due within one year		(3,765)	-	(3,765)	**(3,643)**	**-**	**(3,643)**
Net current assets		14	-	14	**1,859**	**-**	**1,859**
Net assets		28,215	(8,334)	19,881	**30,895**	**(9,541)**	**21,354**
Capital and reserves							
Called up share capital		500	-	500	**500**	**-**	**500**
Share premium account		720	-	720	**720**	**-**	**720**
Capital redemption reserve		3,318	-	3,318	**3,318**	**-**	**3,318**
Revaluation reserve		8,334	(8,334)	-	**9,541**	**(9,541)**	**-**
Profit and loss account		15,343	-	15,343	**16,816**	**-**	**16,816**
Shareholders' equity		28,215	(8,334)	19,881	**30,895**	**(9,541)**	**21,354**

Under old UK GAAP the company's investments in subsidiary undertakings were included at directors' valuation. On transition to FRS 102 the directors have elected to include investments in subsidiary undertakings at cost less impairment.

There were no measurement or recognition adjustments to profit and loss in the year ended 31 December 2014.