

BANKSGroup
development with care

COMPANY REGISTRATION NUMBER: 2267400

The Banks Group Limited
Financial Statements
30 September 2018

BANKS



The Banks Group Limited

Financial Statements

Year ended 30 September 2018

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The Banks Group Limited

Officers and Professional Advisers

The board of directors

H J Banks
A Cunningham
R J Dunkley
S Fisher
C J Gill
G A Styles

Company secretary

D J Martin

Registered office

Inkerman House
St John's Road
Meadowfield
Durham
DH7 8XL

Independent auditor

Ernst & Young LLP
Citygate
St James Boulevard
Newcastle upon Tyne
NE1 4JD

Bankers

HSBC Bank plc
Floor 3
Central Square South
Orchard Street
Newcastle upon Tyne
NE1 3AZ

The Banks Group Limited

Strategic Report

Year ended 30 September 2018

The directors present the Strategic Report for the year ended 30 September 2018.

Review of Business

The result for the year is derived from the recharge of administration costs, administration costs incurred, group and related party interest payable and receivable. The state of the company's affairs at 30 September 2018 was satisfactory and no significant changes in the company's business were envisaged.

The company acquired the entire share capital of Banks Renewables (HL Holdings) Limited for £16.5m in the year. Banks Renewables (HL Holdings) Limited owns the Hook Moor and Lambs Hill wind farms and was acquired from Banks Renewables Limited, a related party.

The company transferred its shares in Banks Renewables Limited to TimeC 1641 Limited, a related party, at book value in the year.

Key performance indicators

The company's key financial performance indicators for the year were:

	2018	2017
	£000	£000
Turnover	7,081	7,302
Operating (loss)/profit	(1,151)	5,647
(Loss)/profit for the financial year	(833)	6,409

Results, trading and dividend

The results for the year and the financial position of the company are as shown in the attached financial statements. A dividend of £3,748,214 (2017: £2,403,267) was paid in the year.

Future developments

No significant changes to the activities of the company are planned in the foreseeable future.

Principal risks and uncertainties

Operational risk - UK withdrawal from the EU

There is uncertainty over the nature of the withdrawal of the UK from the European Union. If the ongoing uncertainty or the withdrawal itself results in a loss of business for the company's property subsidiaries or delays in obtaining component parts for the company's mining, construction, transport and wind farm subsidiaries, then this may impact on the ongoing ability of them to generate future sales. There is not expected to be a material impact on the company itself.

This report was approved by the board of directors on 28 March 2019 and signed on behalf of the board by:


D J Martin
Company Secretary

The Banks Group Limited

Directors' Report

Year ended 30 September 2018

The directors present their report and the Financial Statements of the company for the year ended 30 September 2018.

The company has chosen in accordance with Section 414C(ii) of the Companies Act 2006 to set out in the Strategic Report the following which the directors believe to be of strategic importance:

- Review of the business
- Principal risks and uncertainties
- Future developments

Principal activities

The principal activity of the Company during the year was holding and management company.

Directors

The directors who served the company during the year were as follows:

H J Banks
A Cunningham
R J Dunkley
S Fisher
C J Gill
G A Styles

D J Martin is an alternate director.

There have been no changes since the year end and the date of approval of the financial statements.

Dividends

Equity dividends of £3,748,214 (2017: £2,403,267) were paid in the year.

The Banks Group Limited

Directors' Report *(continued)*

Year ended 30 September 2018

Other matters

Financial risk management

Liquidity risk

The Company relies in part on bank loan finance to fund the operations of its subsidiaries, actively maintaining a mixture of long-term and short-term debt finance that is designed to ensure the Group has sufficient available funds for operations and planned expansions.

Going concern

The directors have considered the company's current and future prospects and its availability of financing, and are satisfied that the company can continue to pay its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements.

For this reason the directors continue to adopt the going concern basis of preparation for these financial statements.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, Directors' Report and the Financial Statements in accordance with applicable law and regulations.

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

In preparing these Financial Statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; 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 company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Banks Group Limited

Directors' Report *(continued)*

Year ended 30 September 2018


Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

Ernst and Young LLP were auditors of the Company during the year and have expressed their willingness to continue in office.

This report was approved by the board of directors on 28 March 2019 and signed on behalf of the board by:



D J Martin
Company Secretary

Company registration number: 2267400

Independent Auditor's Report to the Members of The Banks Group Limited

Opinion

We have audited the financial statements of The Banks Group Limited for the period ended 30 September 2018 which comprise of the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 26, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30th September 2018 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusion relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent Auditor's Report to the Members of The Banks Group Limited (continued)

Other Information

The other information comprises the information included in the annual report, other than the Financial Statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Independent Auditor's Report to the Members of The Banks Group Limited (continued)

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

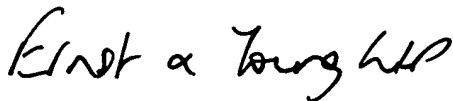
Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



Sandra Thompson (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Newcastle upon Tyne

3 April 2019

The Banks Group Limited

Income Statement

Year ended 30 September 2018

	Note	2018 £000	2017 £000
Turnover	4	7,081	7,302
Gross profit		<u>7,081</u>	<u>7,302</u>
Administrative expenses		(8,231)	(8,055)
Other income	5	<u>-</u>	<u>6,400</u>
Operating (loss)/profit	6	<u>(1,150)</u>	<u>5,647</u>
Finance income	10	3,693	3,787
Finance costs	11	<u>(3,380)</u>	<u>(2,991)</u>
(Loss)/profit on ordinary activities before taxation		<u>(837)</u>	<u>6,443</u>
Taxation	12	<u>4</u>	<u>(34)</u>
(Loss)/profit for the financial year		<u><u>(833)</u></u>	<u><u>6,409</u></u>

All the activities of the company are from continuing operations.

The company has no other recognised items of income and expenses other than the results for the year as set out above and dividends payable. As such, no statement of comprehensive income has been prepared.

The notes on pages 12 to 25 form part of these Financial Statements.

The Banks Group Limited

Statement of Financial Position

Year ended 30 September 2018

	Note	2018 £000	2017 £000
Fixed assets			
Tangible fixed assets	14	119	94
Investments	15	20,484	3,984
		<u>20,603</u>	<u>4,078</u>
Current assets			
Debtors	16	112,762	137,589
Cash at bank and in hand		8,472	14,314
		<u>121,234</u>	<u>151,903</u>
Creditors: amounts falling due within one year	17	<u>(134,309)</u>	<u>(141,707)</u>
Net current (liabilities)/assets		<u>(13,075)</u>	<u>10,196</u>
Total assets less current liabilities		<u>7,528</u>	<u>14,274</u>
Creditors: amounts falling due after more than one year	18	<u>–</u>	<u>(2,165)</u>
Net assets		<u><u>7,528</u></u>	<u><u>12,109</u></u>
Capital and reserves			
Called up share capital	20	2,205	2,205
Capital redemption reserve	21	901	901
Profit and loss reserve	21	4,422	9,003
Shareholders' funds		<u><u>7,528</u></u>	<u><u>12,109</u></u>

These Financial Statements were approved by the board of directors and authorised for issue on 28 March 2019, and are signed on behalf of the board by:



S Fisher
Director

Statement of Changes in Equity

The notes on pages 12 to 25 form part of these Financial Statements.

The Banks Group Limited

Income Statement

Year ended 30 September 2018

	Called up share capital £000	Capital redemption reserve £000	Profit and loss reserve £000	Total £000
At 3 October 2016	2,205	901	4,997	8,103
Profit for the year	—	—	6,409	6,409
Total comprehensive income for the year	—	—	6,409	6,409
Dividends paid and payable	13	—	(2,403)	(2,403)
Total investments by and distributions to owners	—	—	(2,403)	(2,403)
At 1 October 2017	2,205	901	9,003	12,109
Loss for the year	—	—	(833)	(833)
Total comprehensive income for the year	—	—	(833)	(833)
Dividends paid and payable	13	—	(3,748)	(3,748)
Total investments by and distributions to owners	—	—	(3,748)	(3,748)
At 30 September 2018	<u>2,205</u>	<u>901</u>	<u>4,422</u>	<u>7,528</u>

The notes on pages 12 to 25 form part of these Financial Statements.

The Banks Group Limited

Notes to the Financial Statements

Year ended 30 September 2018

1. General information

The Banks Group Limited is a limited company, limited by shares, incorporated in England. The Registered Office is Inkerman House, St. John's Road, Meadowfield, Durham, DH7 8XL.

2. Statement of compliance

These Financial Statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom. The financial statements are prepared in GBP sterling which is the functional currency of the Company. All amounts are rounded to the nearest thousand unless otherwise stated.

(b) Disclosure exemptions

In these financial statements, the company has applied the exemptions available under FRS 102 in respect of the following disclosures:

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv)
- the requirements of Section 7 Statement of Cash Flows
- the requirement of Section 11 Basic Financial Instruments paragraphs 11.41 to 11.48(c)
- the requirement of Section 33 Related Party Disclosure paragraphs 33.1A and 33.7

The Group in which the results of the Company are consolidated is Banks Group Holdings Limited. Copies of Banks Group Holdings Limited accounts can be obtained from its registered office, Inkerman House, St. John's Road, Meadowfield Industrial Estate, Durham, DH7 8XL.

(c) Basis of consolidation

The Company has taken advantage of the exemption from preparing consolidated financial statements contained in Section 400 of the Companies Act 2006 on the basis that it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Banks Group Holdings Limited, a company registered in England.

(d) Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that the actual outcomes could differ from those estimates. It was considered that there were no areas of judgement or uncertainty that would have a significant impact on amounts recognised in the financial statements.

The Banks Group Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

3. Accounting policies *(continued)*

(e) Revenue recognition

Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be recognised:

Rendering of services

Revenue from the provision of management services is recognised on a straight-line basis over the year.

Interest income

Revenue is recognised as interest accrues using the effective interest method.

(f) Taxation

Tax is recognised in the income statement and represents the aggregate amount of current and deferred tax in the reporting period.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all material timing differences that have originated but not reversed at the statement of financial position date where transactions or events have occurred at that date that will result in an obligation to pay more or a right to pay less tax. Deferred taxation assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred taxation is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantially enacted at the statement of financial position date.

(g) Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the Income Statement.

(h) Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

The Banks Group Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

3. Accounting policies *(continued)*

(i) Tangible fixed assets

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

Depreciation is provided on a straight line basis at rates to write off the cost of assets over their estimated useful lives to their residual value, which are:

Fixtures, fittings and equipment - 3 to 4 years.

(j) Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

(k) Pensions

The assets of the defined contribution pension schemes are held separately from those of the Group in independently administered funds. Pension contributions are charged to the income statement in the period to which they relate.

(l) Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable and payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

(m) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand.

(n) Fundamental accounting concept

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future and meet its liabilities as they fall due. At the statement of financial position date the company had net current liabilities of £13,075,000 (2017: net current assets £10,196,000) and shareholders' funds of £7,528,000 (2017: £12,109,000). There are risks that the directors consider in deciding to prepare the financial statements on a going concern basis such as liquidity risk. The directors have considered the economic strength of Banks Group Holdings Limited and thus the ability of the business to meet its ongoing obligations and of the Group to provide the necessary ongoing financial facilities to the company to support its operations. The directors have satisfied themselves that Banks Group Holdings Limited will provide the necessary level of ongoing financial support if required. Accordingly, the directors are satisfied that it is appropriate for the going concern basis to be used in preparing these financial statements.

The Banks Group Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

4. Turnover

Turnover arises from:

2018	2017
£000	£000

Management charges received

7,081	7,302
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5. Other income

2018	2017
£000	£000

Other operating income

-	6,400
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£6,400,000 in the prior year relates to the release of a provision previously made against an intercompany debtor.

6. Operating (loss)/profit

Operating (loss)/profit is stated after charging:

2018	2017
£000	£000

Depreciation of tangible fixed assets (owned assets)

50	73
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Impairment of trade debtors

551	-
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Foreign exchange differences

-	871
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Operating lease for land and buildings

355	356
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Operating lease for motor vehicles

293	286
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7. Auditor's remuneration

2018	2017
£000	£000

Fees payable for the audit of the financial statements

3	2
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Fees payable to the company's auditor and its associates for other services:

Taxation compliance services

2	2
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The Banks Group Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

8. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2018	2017
	No.	No.
Office and management staff	<u>82</u>	<u>81</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2018	2017
	£000	£000
Wages and salaries	4,575	4,157
Other pension costs	<u>187</u>	<u>264</u>
	<u>4,762</u>	<u>4,421</u>

9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2018	2017
	£000	£000
Remuneration	762	754
Company contributions to defined contribution pension plans	<u>43</u>	<u>44</u>
	<u>805</u>	<u>798</u>

Remuneration of the highest paid director in respect of qualifying services:

	2018	2017
	£000	£000
Aggregate remuneration	192	188
Company contributions to defined contribution pension plans	<u>16</u>	<u>-</u>
	<u>208</u>	<u>188</u>

10. Finance income

	2018	2017
	£000	£000
Interest from Group undertakings	<u>3,693</u>	<u>3,787</u>

11. Finance costs

	2018	2017
	£000	£000
Dividends paid on shares classed as debt	197	108
Interest due to Group undertakings	<u>3,183</u>	<u>2,883</u>
	<u>3,380</u>	<u>2,991</u>

The Banks Group Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

12. Taxation

Major components of tax (income)/expense

The tax charge on the (loss)/profit on ordinary activities for the year was as follows:

	2018 £000	2017 £000
Current tax:		
Corporation tax (credit)/charge	(10)	49
Adjustment in respect of previous period	10	(73)
Total current tax	<u>-</u>	<u>(24)</u>
Deferred tax:		
Origination and reversal of timing differences	5	(4)
Adjustment in respect of previous periods	(9)	62
Total deferred tax (note 19)	<u>(4)</u>	<u>58</u>
Total taxation (income)/expense	<u>(4)</u>	<u>34</u>

Reconciliation of tax (income)/expense

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than (2017: lower than) the standard rate of corporation tax in the UK of 19% (2017: 19.50%).

	2018 £000	2017 £000
(Loss)/profit on ordinary activities before taxation	<u>(837)</u>	<u>6,443</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of tax	(159)	1,256
Adjustment to tax charge in respect of prior periods	1	(11)
Effect of expenses not deductible for tax purposes	154	5
Effect of income not taxable	-	(1,216)
Tax on (loss)/profit	<u>(4)</u>	<u>34</u>

Factors that may affect future tax income

A reduction in the UK corporation tax rate to 17% (effective from 1 April 2020) was substantially enacted on 15 September 2016. A rate of 17% has therefore applied to the deferred tax asset at the Statement of Financial Position date.

The Banks Group Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

13. Dividends

The following dividends were paid during the year:

	2018	2017
	£000	£000
Equity dividends paid on A ordinary shares:		
Interim for 2018	1,984	–
Final for 2017	1,764	–
Interim for 2017	–	1,874
Final for 2016	–	529
	<u>3,748</u>	<u>2,403</u>

14. Tangible fixed assets

	Fixtures and fittings
	£000
Cost	
At 2 Oct 2017	2,003
Additions	75
At 30 Sep 2018	<u>2,078</u>
Depreciation	
At 2 Oct 2017	1,909
Charge for the year	50
At 30 Sep 2018	<u>1,959</u>
Carrying amount	
At 30 Sep 2018	<u>119</u>
At 1 Oct 2017	<u>94</u>

The Banks Group Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

15. Investments

	Shares in group undertakings £000
Cost	
At 2 Oct 2017	3,984
Acquisition of subsidiary	16,500
Disposal of subsidiary	—
At 30 Sep 2018	<u>20,484</u>
Impairment	
At 2 Oct 2017 and 30 Sep 2018	<u>—</u>
Carrying amount	
At 30 Sep 2018	<u>20,484</u>
At 1 Oct 2017	<u>3,984</u>

In July 2018 the Company acquired the entire share capital of Banks Renewables (HL Holdings) Limited from its subsidiary Banks Renewables Limited for £16,500,000 cash settled through the intercompany account.

The Banks Group Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

15. Investments *(continued)*

Details of the investments in which the parent company has an interest of 20% or more of the ordinary share capital are listed below. Principal subsidiary and joint venture companies, their principal activities and country of incorporation at 1 October 2017 were as follows.

100% owned by the company:

H J Banks and Company Limited - Surface mining - England
Banks Developments Limited - Holding company - England
H J Banks (Construction) Limited - Civil engineering - England
Banks Renewables (HL Holdings) Limited - Holding company - England

100% owned by H J Banks and Company Limited:

Banks Brothers Transport Limited - Road haulage - England
H J Banks (Mining) Limited - Dormant - England
H J Banks (Shotton) Limited - Dormant - England
Crossco (281) Limited - Site leasing - England

100% owned by Banks Developments Limited:

Banks Property Limited - Property development - England
Banks Property Development Limited - Property development - Scotland

100% subsidiary owned by Banks Renewables (HL Holdings) Limited:

Banks Renewables (HL Finance) Limited - Finance company - England

100% subsidiary owned by Banks Renewables (HL Finance) Limited:

Banks Renewables (Hook Moor Wind Farm) Limited - Operational wind farm - England
Banks Renewables (Lambs Hill Wind Farm) Limited - Operational wind farm - England

100% subsidiary owned by Banks Property Developments Limited:

Banks Property Development (Bathgate) Limited - Property Development - Scotland

50% subsidiary owned by Banks Property Limited:

Banks Mount Oswald Limited - Dormant - England

50% joint venture owned by Banks Property Limited:

Bates Regeneration Limited - Property development - England

The Banks Group Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

16. Debtors

	2018 £000	2017 £000
Amounts owed by group undertakings	67,759	73,025
Deferred tax asset (note 19)	164	160
Prepayments and accrued income	1,072	956
Other debtors	43,767	63,448
	<u>112,762</u>	<u>137,589</u>

17. Creditors: amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	–	97
Amounts owed to group undertakings	129,582	137,885
Accruals and deferred income	2,004	1,465
Corporation tax	–	49
Social security and other taxes	380	–
Director loan accounts	2,343	2,211
	<u>134,309</u>	<u>141,707</u>

18. Creditors: amounts falling due after more than one year

	2018 £000	2017 £000
Shares classed as financial liabilities	–	2,165

The preference shares were redeemed in full in the year at par value.

The Banks Group Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

19. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2018	2017
	£000	£000
Included in debtors (note 16)	<u>164</u>	<u>160</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2018	2017
	£000	£000
Fixed asset timing differences	69	80
Short term timing differences - trading	<u>95</u>	<u>80</u>
	<u>164</u>	<u>160</u>

As at 2 October 2017	£000
Credited to the income statement (note 12)	160
	<u>4</u>
As at 30 September 2018	<u>164</u>

20. Called up share capital

Issued, called up and fully paid

	2018		2017	
	No.	£000	No.	£000
Amounts presented in equity:				
Ordinary shares of £1 each	<u>2,204,832</u>	<u>2,205</u>	<u>2,204,832</u>	<u>2,205</u>
Amounts presented in liabilities:				
Preference shares of £1 each	<u>2,164,588</u>	<u>2,165</u>	<u>2,164,588</u>	<u>2,165</u>

21. Reserves

Capital redemption reserve

This reserve arises from a former group restructuring.

Profit and loss reserve

This reserve represents cumulative profits and losses less dividends paid.

The Banks Group Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

22. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2018	2017
	£000	£000
Not later than 1 year	315	339
Later than 1 year and not later than 5 years	446	585
Later than 5 years	–	39
	<u>761</u>	<u>963</u>

23. Contingent liabilities

The Company has received a number of claims from a former joint venture partner alleging various matters including breaches of agreement in connection with a project undertaken by the Group and damages potentially in excess of £10m which the directors dispute. The damages sought are varied and it is not possible to reliably determine what the level of any liability could be if the Group was unsuccessful in defending the claims. Accordingly, the directors consider that a provision should not be made in the accounts.

For VAT purposes a Group registration scheme is in operation. Under these arrangements there is a joint and several liability among the companies in the Group for amounts owed to H M Revenue and Customs.

The Banks Group Limited

Notes to the Financial Statements (continued)

Year ended 30 September 2018

24. Related party transactions

Directors

Current account balances due to directors and related parties of the Company:

	2018 £000	2017 £000
H J Banks	1,446	1,084
J P Banks	368	73
Mrs J A Banks	529	398

Interest paid on current accounts by the Company:

	2018 £000	2017 £000
H J Banks	–	26
J P Banks	–	14
Mrs J A Banks	–	9

Loan account balances earned interest in the prior year at a rate equivalent to that paid by the Company on its overdraft.

Dividends paid to directors:

Mr H J Banks: £1,717,002 in respect of ordinary shares (2017: £1,110,901).

Related party companies

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. Related parties are entities with common control of the Company. Transactions entered into and trading balances outstanding as at 30 September are as follows:

	2018 £000	2017 £000
Sales to related parties	2,358	2,458
Amounts owed by related parties	43,254	63,448
Interest payable by related parties	1,721	1,502

Terms and conditions of transactions:

Sales and purchases between related parties are made at normal market prices.

Other Group companies

The company has not disclosed transactions with other Group companies, as it has taken advantage of the exemption contained within FRS 102.33.1A on the grounds that its subsidiaries are wholly owned.

The Banks Group Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

Key management personnel:

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel. Total remuneration in respect of these individuals is £1,666,293 (2017 £1,889,412).

25. Ultimate parent company

The company is a wholly owned subsidiary of Banks Group Holdings Limited, the ultimate holding company, incorporated in England. Banks Group Holdings Limited is the only group of undertakings for which Group financial statements are drawn up. The Group financial statements can be obtained from the registered office. Mr H J Banks is the controlling party by virtue of his controlling interest in the equity share capital of Banks Group Holdings Limited.

26. Pension commitments

Group companies contribute to money purchase schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. Pension contributions payable to the funds for the year amounts to £187,000 (2017: £264,000).

Outstanding contributions at the year-end were £59,000 (2017: £nil).