

Company number: 3626335

FIELD SYSTEMS DESIGNS HOLDINGS PLC
GROUP FINANCIAL STATEMENTS
31 MAY 2015

DIRECTORS AND OFFICERS

DIRECTORS

D K Bird Non-executive chairman
P J Haines
D F Lower
B D Smith
R M Hunter
N M Billings
M H Engler Non-executive

SECRETARY

B D Smith

REGISTERED OFFICE

Spring Court
Station Road
Dorking
Surrey
RH4 1EB

AUDITOR

Mazars LLP
Chartered Accountants
& Statutory Auditor
Times House
Throwley Way
Sutton
SM1 4JQ

BANKERS

HSBC Bank Plc
168 High Street
Guildford
Surrey
GU1 3YU

CHAIRMAN'S STATEMENT

I am pleased to announce the results of Field Systems Designs Holdings plc (FSD) for the year ended 31 May 2015.

Our industries remain tough, consequently it has been some achievement to remain profitable this year and so these results reflect a solid performance in this difficult operating climate.

The Water Industry's fifth 5-year build and refurbishment Asset Management Programme (AMP5) concluded in April 2015 and so AMP6 running to April 2020 has just commenced. Both the tail-off from AMP5 and a delayed start to AMP6 has seen volumes in the water sector in the current year decline.

In anticipation of this typical intra-AMP decline in business the group's move to diversify into new industries has proved challenging, but there has been some success this year with two recent awards in the Energy from Waste sector (EfW). These major projects from two different clients reward the long-term relationship-building in the sector and reflect the confidence that FSD has now built in delivering these complex projects.

The group continues to promote its recognised position in the Water Industry by pursuing new framework agreements under AMP6. FSD has established a strong reputation in delivering complex solutions on target and hopes to build on its considerable prior experience by participating fully with the Water Utilities during their next investment phase.

FSD now offers the favoured full Mechanical and Electrical (M&E) solution with the benefit of its in-house mechanical fabrication and erection capability which gives the group control over its programme commitments.

The group is positive about the outlook for performance in 2015/2016, as it is well-positioned with a good opening order book to maximise the benefits from future opportunities.

D K Bird
Chairman

28 October 2015

STRATEGIC REPORT**OPERATIONAL PERFORMANCE**

The group achieved a turnover of £14.4million for the year to 31 May 2015, an increase of 20% on last year, reflecting the slow-down of work in the Water Industry as the end of AMP5 approached, but a significant increase in work from the EfW sector.

Turnover was generated as follows:	2015	2014
	£	£
Water and Sewerage	9,257,988	10,089,156
Power generation and Energy from Waste	4,394,156	949,060
Rail, Transport and Tunnels,	54,721	306,157
Building services, Maintenance,		
Security, Instrumentation, Controls and Automation	696,250	631,642
	<u>14,403,115</u>	<u>11,976,015</u>
	=====	=====

Gross profit margins fell in the year ended 31 May 2015 to 7.2% from 8.6% last year. Gross margins are considerably less than budget as downward pressure on gross profits remains as projects from the Water Industry continue with their associated difficulties in recovering value from additional works, particularly as the Water Industry Tier One contractors continue to focus on minimising cost as AMP5 comes to an end.

The group achieved a fair operating profit for the year of £222,287 (2014: £187,188).

In view of the economic climate the directors are pleased to report a solid group profit after tax of £130,361 for the year ended 31 May 2015 (2014: £135,278)

BUSINESS REVIEW

The Field Systems Designs group (FSD) focuses on delivering specialist mechanical and electrical design and installation works.

Water

Sales volumes were again dominated by the Water Industry where 64% of turnover in 2015 was derived (2014: 84%).

The AMP5 spend in England declined gradually during the year and water-related works became scarce and more difficult to secure. Turnover was derived from on-going major works coming to a conclusion such as Crossness Sewage Treatment Works (STW) or longer-term projects such as Lee Valley. A major M&E scheme was completed in Jersey and other works were more specialised turn-key projects where FSD formed multi-disciplined teams to complete Mechanical, Electrical, Instrumentation, Control and Automation schemes (MEICA).

STRATEGIC REPORT

BUSINESS REVIEW (continued)**Power**

The group increased its presence in the Power sector where it derived 31% of turnover in 2015 (2014: 8%).

FSD won further Energy from Waste contracts where the company continues to build on its success at the Riverside facility in London. Two major projects were secured in the sector, using both Incineration and Gasification technologies. There were also works on generators and Combined Heat & Power (CHP) units providing instrumentation, electrical engineering and installation services; and outage works at Hartlepool Nuclear Power Station.

Building services, Maintenance, Security, Instrumentation, Controls and Automation

FSD delivers electrical installation services in the commercial, security, water and rail sectors, building its reputation by offering its growing customer base quality, timeliness and value for money.

The expansion of the range of services to include lighting, power distribution, fire-alarm and security systems has grown turnover. However the addition of property fit-out projects to its range of activities was not successful and has now been ceased.

Mechanical fabrication and installation

This year the group continued to take on M&E installation contracts through its mechanical subsidiary which continues to build up its client base and its reputation for quality fabrication and installation services.

There were some major pipework fabrication and installation contracts undertaken during the year for projects in the Water industry. The AMP5 spend in England released works to the FSD group such as water treatment works, pumping stations and Ultra-Violet water analysis.

Profitability at the division was poor primarily as a result of one particularly badly performing contract undertaken during the year in Jersey. Changes have since been made to deal with the causal factors.

STRATEGIC REPORT

PRINCIPAL RISKS AND UNCERTAINTIES

The board regularly undertakes a review of business risks and uncertainties confronting the group and evaluates the significant project risks affecting its business.

The following issues are the principal risks and uncertainties faced by the group.

Economic

The group's business may be affected by market forces beyond its control. During a downturn all competing companies operating in the same industry sectors will be impacted by economic and political change that will alter the volume and value of available work.

The group is heavily reliant on the Water industry and its business is affected by the cyclical nature of the UK market caused by the 5-year Asset Management Programmes governed by OFWAT. At the beginning and the end of each AMP the water industry suffers a downturn as all competing companies operating in this industry are chasing a reduced volume of available work. The group mitigates these uncertainties by continually monitoring changes in its market sector, by focusing its sales efforts on non-water industry work flows and reviewing regularly forecasted sales opportunities to ensure that adequate sales volumes can be secured.

Skilled personnel

The group is dependent on the quality, attention and diligence of its personnel across the full spectrum of its skill disciplines. The group's ability to attract, retain, train and motivate its skilled management and personnel will be reflected by business growth, profitability and a reputation for quality work. The group offers 'added-value' to its customers by offering a superior quality of project management, engineering and supervisory resource to complement its installation services. It is this wealth of knowledge and experience that sets FSD aside from its competition.

The board reviews personnel issues on a monthly basis and the Safety, Health, Environment and Quality manager (SHEQ) ensures there is investment in training programmes for site and management to broaden the competence, knowledge and experience of its employees.

Health and safety

The group demands effective and successful management of health and safety risks by its supply-chain and similar demands are rightly made by its own customer base. Constant vigilance is paramount and any accident can have serious consequences. The commitment to enforcing safe working and adherence to regulation is strong at board level and flows through the organisation through qualified specialists, continual instruction and training. The group is extremely aware of the potential for an 'incident' to damage the group and gives constant attention to ensuring that this risk is kept to a minimum. The board, supported by a highly qualified health and safety specialist, endorses the importance of vigilant health and safety practices.

STRATEGIC REPORT

PRINCIPAL RISKS AND UNCERTAINTIES (continued)**Long term contracts – bidding**

The majority of group turnover is from fixed price contracts. By definition failure to adequately assess from client's specifications the full scope of works, the correct pricing of that work and the time required to complete the work may have serious ramifications on profitability. There are specific risk management procedures in place to ensure that prices estimated for fixed price contracts are accurate and to ensure the correct costing of successful bids as the work progresses. The Tender Approval Procedure (TAP) is a key risk management tool used to minimise these risks. The TAP completion process identifies tender project risks, assesses the probability of their occurrence, their impact if they do occur and actions necessary to manage them down to an acceptable level. This procedure is used to ensure that commercial and contractual risks are monitored and managed by the board.

Long term contracts – costing

Fixed price contracts may also be subject to cost and time overruns, and the costs of additional work undertaken on variations may not be properly measured or fully recovered from the customer. The Project Summary Report (PSR) is a key risk management tool used to minimise these risks. The PSR completion process quantifies the value of project work undertaken after successful contract award, reviews the potential commercial risks and highlights any safety, technical, operational and environmental risks. This tool is used to ensure that commercial and contractual risks are monitored and managed by the board.

Competitiveness

The group has a leading market position in sectors such as the Water Industry, and has also penetrated other sectors such as the rail industry, power industry and Energy from Waste market to ensure a constant pipeline of enquiries. Nevertheless in an increasingly competitive environment and with cyclical volumes, accurate and competitive pricing is key to a successful contract award. The board constantly monitors the competitiveness of its cost base to ensure that its pricing remains competitive. Regular benchmarking and framework submissions also assist this process of review.

Financial Instruments

The group uses financial instruments when required to provide a financing base for the group's operations and derivatives are used to hedge against known commodity price and exchange rate exposures in contractual arrangements secured by the group. There may not always be instruments that provide accurate hedging or readily available markets for such hedges.

Cash flow

The group has a strong balance sheet and access to additional debt funding, and trades comfortably within its current working capital. Customers may require additional project work to be undertaken and the group may be required to fund this work for a period of time until the additional costs can be formally approved and funds received. The group may also experience an increase in the level of credit given to customers as a consequence of a change in their financial status or payment systems. In such circumstances there are short-term cash-flow consequences which are managed carefully by the finance department and any consequences mitigated.

STRATEGIC REPORT

KEY PERFORMANCE INDICATORS (KPI's)

The board uses both financial and non-financial (operational) performance indicators in the analysis and management of the business. The indicators relate both to financial and contractual performance and to other non-financial areas, including but not limited to, employees, health and safety, quality assurance, customer satisfaction and the environment.

KPI's are used by the management to run and monitor the business and many of the trends and results provide information which is commercially sensitive or is confidential in nature.

Financial

The main financial KPI used by the board is the measure of gross profit margin (being the gross project contribution as a percentage of turnover), as overheads can largely be controlled in line with budget, however margins on contractual activity are key to annual profitability.

An overall target margin is set annually in advance after review of overhead structure and subsequently represents the average bid margin used in pricing projects. It is designed to cover group overheads plus an element of profit. The gross profit margin used in the annual budgeting process is used to benchmark monthly performance and provides for a degree of margin erosion due to difficulties in fully recovering the value of additional works requested by customers. This varies according to market conditions.

The actual margin experience is reflected in the reported results and a detailed review is contained within the operational performance reported earlier in the Strategic Report.

Non-financial

The board measures customer satisfaction using an independent on-line survey assessment. A rolling 12 month record is kept of customer feedback on project completion with charitable donations used to encourage participation. Customers are asked to complete answers to a number of questions regarding group performance including such areas as the focus on Safety and the Environment, completion of site work to programme, contract financial management and standard of workmanship.

The responses are used by the board as an independent confirmation of group performance levels and negative feedback is vigorously followed up and improvement measures implemented. The overall responses have been very good during the year.

STRATEGIC REPORT

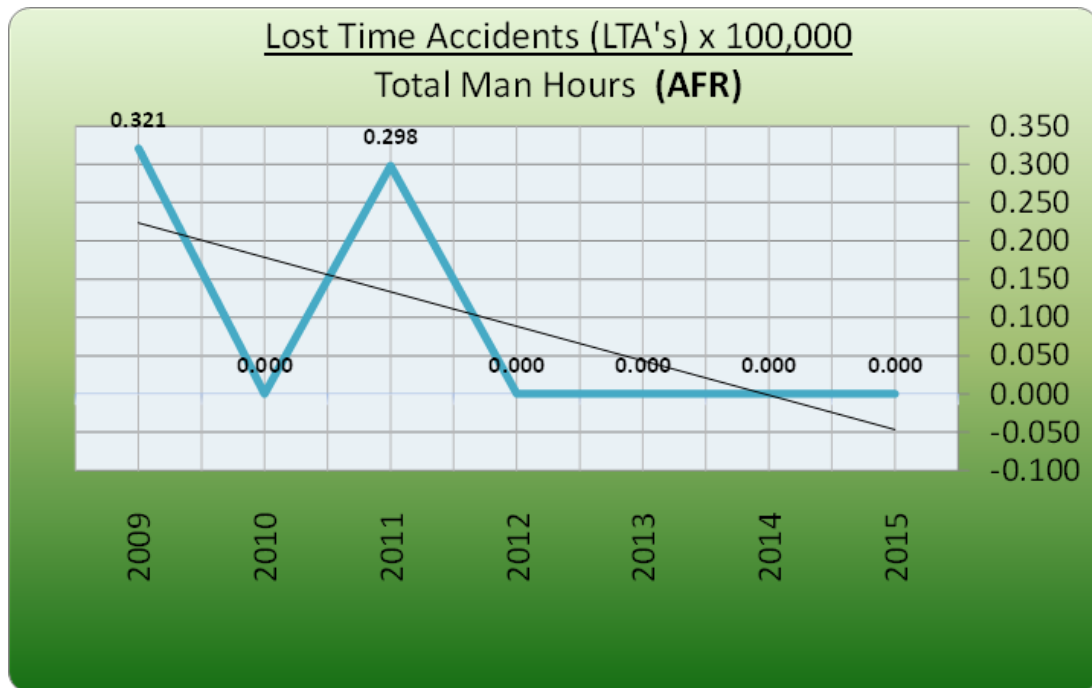
KEY PERFORMANCE INDICATORS (KPI's) (continued)

The ongoing independent assessments of the Group's Safety, Quality and Environmental Standards are key to it maintaining the efficiency of its operational performance and adherence to high levels of site safety and environmental awareness.

The group is approved to the Quality Management Standard ISO 9001:2008, has an environmental management system approved to ISO 14001:2004, and a safety management system accredited to OHSAS 18001:2007. Achilles UVDB, the Utilities Vendor DataBase performance assessor, regularly review the group's processes for managing and installing electrical services, as well as its fault resolution procedures. The results of the 2015 Achilles audit were again excellent, reflecting high scores for both management systems and site evaluation, in the assessed areas of health & safety, environment and quality.

The group board has both corporate and personal responsibility to ensure that its operations are managed in a safe and environmentally controlled manner. In common with its industry the group measures its record on Health & Safety using an annual Accident Frequency Rate (AFR) chart.

The group targets a year on year decline in the AFR, shown below, which charts the number of lost time accidents per 100,000 man hours worked.



The group AFR (Accident Frequency Rate) is currently zero.

STRATEGIC REPORT

QUALITY ASSURANCE

FSD group is approved to the Quality Management Standard BS EN ISO 9001:2008. The British Standards Institute (BSI) and Achilles, the Utilities Sector procurement performance assessor, regularly review the company's processes for managing and installing electrical services, as well as its fault resolution procedures. Recent assessments have again been successfully completed with excellent results from the UVDB Verify audits.

The group is committed to a strategy that provides its clients with a high-quality service that conforms to the client's requirements. This strategy includes a strong management commitment to quality, the recruitment and retention of high calibre, experienced and well-trained staff, properly documented procedures, processes and controls, and compliance with all regulatory and legal requirements.

Quality Audits continue to be carried out across company sites on a regular basis to ensure compliance and to improve the company's activities. The annual management review meeting assesses the group's performance against targets and sets new targets.

ENVIRONMENT

FSD group has an environmental management system approved to the international environment standard, ISO 14001:2004. The BSI and Achilles regularly review the group's processes for managing its impact on the environment. The group has achieved its CEMARS (Certified Emissions Measurement and Reduction Scheme) accreditation and is now approved to ISO 14064-1:2006 as it strives to minimise harm to the environment, prevent pollution and use best practice environment solutions wherever possible to minimise its carbon foot-print. A risk assessment approach is used to manage environmental matters, and to identify and assess key environmental hazards arising from business activities and manage them appropriately.

HEALTH AND SAFETY

A commitment to Health and Safety is the group's number one priority. Every board meeting starts by focusing on preserving high safety standards and promoting a positive safety culture within the group, to ensure that our employees, customers, suppliers and the public are kept safe.

FSD group has a safety management system implemented across all sites that has successfully been approved to the Health and Safety Management System BS OHSAS 18001:2007, (the internationally recognised standard for management of occupational health and safety risks). The company achieved a ROSPA (Royal Society for the Prevention of Accidents) Gold Medal award this year.

There is strong commitment at board level, supported by a highly qualified health and safety specialist, endorsing the importance of vigilant health and safety practices and investment in training for site and management to broaden the competence, knowledge and experience of its employees. This is supported by expert guidance provided by the EEF (Engineering Employers' Federation), ECA (Electrical Contractors Association) and CITB (Construction Industry Training Board). The group continues to establish safety initiatives and these are currently on target with a good safety record.

STRATEGIC REPORT

EMPLOYEES

Group employee numbers have increased slightly from an average of 94 in 2014 to 96 in 2015 reflecting a varied mix of work during the year.

We are pleased to place on record the appreciation of the efforts and support given to the group by its employees, who continue to make a significant contribution to the group.

PENSIONS

The group's pension deficit as at 31 May 2015 was £268,000 net of deferred tax, an increase of 1% from £265,600 as at 31 May 2014. This is derived from the group's most recent FRS17 actuarial review and reflects market conditions as at 31 May 2015.

CORPORATE RESPONSIBILITY

The group recognises its responsibilities to the people it employs, its customers and suppliers, its shareholders, the wider community and to the environment. We are a well-managed, responsible and ethical company and are determined to be widely recognised for our quality of installation, the skills of our people and the seriousness with which we take our corporate responsibilities.

OUTLOOK

The group entered the new financial year with an opening order book of £5.7 million (2014: £4.1 million).

The group's principal source of revenue is from the Water Industry and key to its success during AMP6 (Sixth Asset Management Programme) will be its continued participation as part of the various frameworks being formulated by the Water Utilities to select its preferred supply chain.

AMP6 runs for five years to April 2020. Some Water Utilities are well under way with their MEICA frameworks whereas others are still formulating their approach. Consequently sales volumes in the Water Industry are slow to start which is no surprise as industry investment has traditionally declined in the last and first years of the five year regulatory period.

FSD has established a strong reputation in delivering complex solutions on target and hopes to build on its considerable prior experience by participating fully with the Water Utilities during their next investment phase. FSD has started the prequalification processes to secure its position on frameworks and has been pursuing strategic alliances with water process companies.

Despite the commitment to gain successful placement on water frameworks, a degree of FSD's sales effort has been committed to industries outside of water and towards new technology sectors such as Energy from Waste.

STRATEGIC REPORT

OUTLOOK (Continued)

The first major success in the EfW Incineration sector for FSD was the 65MW Riverside resource recovery facility which was delivered for Hitachi Zosen Inova on behalf of Cory Environmental. The invaluable reputation gained on this project led to FSD assisting in the completion of the Newhaven EfW plant and the recent award of the Greatmoor EfW project where we are currently delivering the turbine and some balance-of-plant projects.

The reference site that Riverside gave FSD to endorse its credentials led to the award of the complete electrical infrastructure on the ITI Bentinck modular Gasification project. We are now working for MWH as the main electrical contractor on the Tyseley EfW project in Birmingham which uses Nexterra modular gasification technology.

There are a number of major future works being tendered and negotiated for both Incineration and Gasification technologies in the EfW sector which if secured will boost sales volumes over the next few years.

FSD also has a considerable degree of experience and success with Anaerobic Digestion, Biogas and CHP (Combined Heat & Power) where we have delivered many schemes as a Thames Water framework contractor.

The ability of the group to more confidently target MEICA turn-key solutions with its in-house M&E capabilities, and using joint venture alliances and other working arrangements to deliver, has enhanced its position in the sector.

The group continues to enhance its personnel's capabilities through appropriate training to ensure the continued quality of service and maintain the depth of its experience. Accordingly FSD can offer an added-value service to the rail, underground, power, water, waste and tunnelling sectors and differentiate itself from its competition.

The group has improved its specialised engineering techniques by further investment this year, particularly in Building Information Modelling (BIM), which will enable FSD to assist our clients by improving the quality of their overall project deliverables. Additionally this will enable FSD to work on government approved projects, as BIM-compliance is a key criteria for approval. It is also anticipated that the impact of BIM on resource planning will create operational efficiencies with the beneficial side-effect for the group of offering an enhanced design resource to supplement its installation capabilities.

The board continues to react to customer demands and keep standards high, whilst creating operational efficiencies to best position the business for the opportunities ahead.

On behalf of the board

Bruce Smith - Director
28 October 2015

DIRECTORS' REPORT

The directors submit their report and the group financial statements of Field Systems Designs Holdings plc for the year ended 31 May 2015.

PRINCIPAL ACTIVITIES

The principal activity of the company is investment holding.

The principal activities of the subsidiaries during the year were the design, project management, supply, installation, commissioning, servicing and maintenance of mechanical and electrical projects, including High Voltage (HV) and Low Voltage (LV) cabling with associated cable management systems, controls, instrumentation, pipework, steelwork and building services primarily in the power, water, rail, commercial, security and transport industries.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The group achieved a turnover of £14.4 million for the year to 31 May 2015, an increase on last year.

A detailed review of the group's activities during the year and of its prospects is contained within the Chairman's Statement and the Strategic Report.

RESULTS AND DIVIDENDS

The consolidated profit for the year after taxation was £130,361 (2014: £135,278).

The directors do not recommend the payment of a dividend.

DIRECTORS

The following directors served throughout the year:

D K Bird (Non-executive)
M H Engler (Non-executive)
P J Haines
D F Lower
B D Smith
R M Hunter
N Billings

The directors are not required to retire by rotation. The directors' interests in shares are disclosed in note 6 to the financial statements. There is appropriate directors' liability insurance in place in respect of all directors serving during the year.

ORDINARY SHARES

The company's shares have been quoted since December 1998 on the ISDX Growth Market (previously the PLUS/OFEX trading platforms) run by ICAP Securities & Derivatives Exchange and have been quoted with a mid-price of 20.5p during the year, ending the year at 20.5p.

DIRECTORS' REPORT

FINANCIAL INSTRUMENTS

The group's financial instruments consist primarily of short term debtors, creditors, cash and very occasionally certain derivatives used for hedging. The directors regularly review the group's cash position to ensure effective cash management. The directors believe this policy effectively manages the group's price, credit, liquidity and cash flow risk. Derivative financial instruments are used in order to manage risks arising in foreign exchange rates and to hedge the exposure of the group to changes in the costs of a known asset or liability, such as copper, and are matched when the hedging instrument expires or is sold. No derivatives have been used during the current year.

CHARITABLE AND POLITICAL DONATIONS

The group made no political donations but made donations to charitable institutions amounting to £2,700 during the year (2014: £3,600). The group undertakes a number of initiatives to generate charitable donations including donations to encourage feedback from customers on tender proposals and anonymous feedback from site on safety issues. The group generally supports the Rainbow Trust, a local children's charity, and the Royal Marsden cancer charity.

RESEARCH AND DEVELOPMENT

The group is involved in research and development in promoting and developing new ideas designed to improve the efficiency and effectiveness of the business. The group's engineers and technical staff, supported by external computer programming specialists, develop and deliver technical advances, processes and innovations in order to achieve pragmatic solutions to issues experienced in providing the various services offered. Investment in specialised engineering software has led to products being developed that enable enhanced design resources to supplement its installation capabilities.

DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors confirm that so far as each director is aware there is no relevant audit information of which the company's auditor are unaware; and the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

REAPPOINTMENT OF AUDITOR

A resolution to confirm the appointment of Mazars LLP will be put to the members at the annual general meeting.

MATTERS COVERED IN THE STRATEGIC REPORT

Information regarding the business review and principal risks and uncertainties has been disclosed within the strategic report.

On behalf of the board

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and Applicable Laws). 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 and profit or loss of the company and group 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 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 group'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 directors are responsible for the maintenance and integrity of the corporate and financial information included on the group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the board

Bruce Smith - Director

28 October 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FIELD SYSTEMS DESIGNS HOLDINGS PLC

We have audited the financial statements of Field Systems Designs Holdings Plc for the year ended 31 May 2015 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 14, 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. 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.

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 the financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FIELD SYSTEMS DESIGNS HOLDINGS PLC (continued)

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.

Robert Neate (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Times House
Throwley Way
Sutton
SM1 4JQ

28 October 2015

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 May 2015

	Notes	2015 £	2014 £
TURNOVER	1	14,403,115	11,976,015
Cost of sales		(13,362,690)	(10,949,190)
		_____	_____
GROSS PROFIT		1,040,425	1,026,825
Net operating expenses	2	(818,138)	(839,637)
		_____	_____
OPERATING PROFIT		222,287	187,188
Interest receivable	3	362	594
Interest payable	4	(15,238)	(30,498)
		_____	_____
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	207,411	157,284
Taxation	7	(77,050)	(22,006)
		_____	_____
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	18	130,361	135,278
		=====	=====
EARNINGS PER SHARE			
Basic	16	2.4p	2.5p
		=====	=====
Diluted	16	2.4p	2.5p
		=====	=====

All operations are continuing.

The accompanying accounting policies and notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED
GAINS AND LOSSES**
for the year ended 31 May 2015

	Notes	2015 £	2014 £
Profit for the year	18	130,361	135,278
Actuarial losses on defined benefit pension scheme	22	(86,000)	(91,000)
Deferred tax movement on actuarial losses	22	17,200	18,200
		<u>(68,800)</u>	<u>(72,800)</u>
Total recognised gains for the year	19	<u>61,561</u> =====	<u>62,478</u> =====

The accompanying accounting policies and notes form part of these financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 May 2015

	Notes	2015 £	2014 £
FIXED ASSETS			
Tangible assets	9	1,740,780	1,706,957
CURRENT ASSETS			
Stock – raw materials		39,117	31,054
Debtors	11	4,893,738	2,755,840
Cash at bank and in hand		1,321,116	916,723
		<u>6,253,971</u>	<u>3,703,617</u>
CREDITORS			
Amounts falling due within one year	12	5,308,365	2,842,353
NET CURRENT ASSETS			
		<u>945,606</u>	<u>861,264</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>2,686,386</u>	<u>2,568,221</u>
CREDITORS			
Amounts falling due after more than one year	12	62,143	24,939
PROVISIONS FOR LIABILITIES			
Deferred taxation	13	17,000	-
Pension obligations	22	268,000	265,600
NET ASSETS			
		<u>2,339,243</u>	<u>2,277,682</u>
CAPITAL AND RESERVES			
Share capital	15	569,250	569,250
Share premium account	18	158,750	158,750
Other reserves	18	370,033	370,033
Profit and loss account	18	1,241,210	1,179,649
SHAREHOLDERS' FUNDS			
		<u>2,339,243</u>	<u>2,277,682</u>

Approved by the board and signed on behalf of the board and authorised for issue on 28 October 2015 by:-

Bruce Smith.....Director

Philip Haines.....Director

The accompanying accounting policies and notes form part of these financial statements.

COMPANY BALANCE SHEET

As at 31 May 2015

	Notes	2015	2014
		£	£
FIXED ASSETS			
Tangible assets	9	1,525,269	1,573,108
Investments	10	478,200	478,185
		<u>2,003,469</u>	<u>2,051,293</u>
CURRENT ASSETS			
Debtors	11	332,830	219,321
Cash at bank and in hand		32,032	32,054
		<u>364,862</u>	<u>251,375</u>
CREDITORS			
Amounts falling due within one year	12	97,561	74,258
NET CURRENT ASSETS			
		<u>267,301</u>	<u>177,117</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>2,270,770</u>	<u>2,228,410</u>
CREDITORS			
Amounts falling due after one year	12	1,766,453	1,578,772
NET ASSETS			
		<u>504,317</u>	<u>649,638</u>
		=====	=====
CAPITAL AND RESERVES			
Share capital	15	569,250	569,250
Share premium account	18	158,750	158,750
Profit and loss account	18	(223,683)	(78,362)
SHAREHOLDERS' FUNDS			
		<u>504,317</u>	<u>649,638</u>
		=====	=====

Approved by the board and signed on behalf of the board and authorised for issue on
28 October 2015 by:-

Bruce Smith.....Director

Philip Haines.....Director

The accompanying accounting policies and notes form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 May 2015

	Notes	2015 £	2014 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	23	491,891	78,413
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		362	594
Interest paid		(5,238)	(2,498)
Net cash outflow from returns on investments and servicing of finance		(4,876)	(1,904)
TAXATION PAID		(38,715)	(36,834)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Purchase of fixed assets		(81,947)	(29,892)
Sale of fixed assets		8,582	8,334
Net cash outflow from capital expenditure and financial investment		(73,365)	(21,558)
FINANCING			
Bank loans and overdrafts		100,000	-
Loan re-payments		(24,354)	-
Capital element of finance lease payments		(46,188)	(24,673)
Net cash inflow/(outflow) from financing		29,458	(24,673)
INCREASE/(DECREASE) IN CASH		404,393	(6,556)

The notes to the cashflow statement are contained in notes 23 to 25.

Group financial statements for the year ended 31 May 2015**PRINCIPAL ACCOUNTING POLICIES**

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable UK accounting standards (United Kingdom Generally Accepted Accounting Practice). The group has taken advantage of the exemption conveyed by S408 Companies Act 2006 and has not presented an individual profit and loss account for the parent company. The principal accounting policies of the group which are unchanged from the previous year are set out below. The company's loss for the year is disclosed in note 18.

GOING CONCERN

The directors have considered cash flow forecasts to October 2016 for the purposes of assessing going concern, and have concluded that there are no material uncertainties regarding the group's ability to continue trading, the financial statements have been prepared on the going concern basis. These forecasts take into consideration expected revenues and expenditures from existing contracts as well as from new contracts anticipated to be secured by the group subsequent to the year end. On the basis that the forecasts show results consistent with performance to date, and given current banking facilities, the directors are of the opinion that the Group will have sufficient cash to fund its operations for a period of at least 12 months following the date of approval of the financial statements.

BASIS OF CONSOLIDATION

Transactions with subsidiary companies have been eliminated on consolidation in the group accounts. All financial statements are made up to the year ended 31 May 2015. The consolidated financial statements account for business combinations using acquisition accounting. Accordingly, the identifiable assets and liabilities of companies acquired are included in the consolidated balance sheet at their fair value at the date of acquisition.

OTHER INCOME

All rental income received or receivable in respect of property assets available for rental is accounted for on an accruals basis. Income from the rental of these assets is credited to other operating income on a strict time-apportioned basis over the term of the relevant leases.

STOCK

Stocks are valued at the lower of cost and net realisable value. Net realisable value is based upon estimated normal selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items.

Group financial statements for the year ended 31 May 2015**PRINCIPAL ACCOUNTING POLICIES**

TURNOVER

Turnover is the total amount receivable by the group for goods and services provided, excluding VAT and trade discounts. Turnover is recognised when the goods and services are provided or when the work is certified by the customer, as appropriate.

LONG TERM CONTRACTS

Revenue from long term contracts is assessed on a contract by contract basis. Turnover is ascertained in a manner appropriate to the stage of completion of each contract, and credit taken for profit earned to date when the outcome of the contract can be assessed with reasonable certainty. The amount by which turnover exceeds payments on account is classified as amounts recoverable on contracts and included in debtors; to the extent that payments on account exceed relevant turnover, the excess is included as a creditor.

Full provision is made for losses on all contracts in the year in which they are first foreseen. Where the outcome of long term contracts cannot be assessed with reasonable certainty before the conclusion of the contract the profit on the contract is recognised on completion.

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost less depreciation. Depreciation is provided on all tangible fixed assets (except freehold land) at rates calculated to write each asset down to its estimated residual value evenly over its expected useful economic life, as follows:

Plant and machinery	over 3 to 5 years
Freehold buildings	over 50 years

INTANGIBLE ASSETS

On a case by case basis intangible fixed assets (including purchased goodwill) have been amortised over 2 years representing the rate calculated to write off the assets over their estimated useful economic lives. Impairment of intangible assets is reviewed where circumstances indicate that the carrying value of an asset may not be fully recoverable.

INVESTMENTS

Shares in Group undertakings are stated at cost less any provision for impairment.

The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount and the investment is written down to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account.

Group financial statements for the year ended 31 May 2015**PRINCIPAL ACCOUNTING POLICIES**

DEFERRED TAXATION

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered using rates of tax that have been enacted by the balance date. Discounting is applied if material.

RETIREMENT BENEFITS**Defined benefit scheme**

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net deficit, adjusted for deferred tax, is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable by the group. The current service cost and costs from settlements and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included net in other finance costs. Actuarial gains and losses are reported in the statement of total recognised gains and losses.

Defined contribution scheme

Contributions to the group personal pension plan are charged to the profit and loss account as incurred.

FOREIGN CURRENCY TRANSLATION

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

RESEARCH AND DEVELOPMENT

Research and development costs are directly attributable to specific research and development activities and are written off to the profit and loss account as they are incurred.

EMPLOYEE BENEFIT TRUST

The assets and liabilities of the Employee Benefit Trust (EBT) have been included in the group accounts. Any assets held by the EBT cease to be recognised on the group balance sheet when the assets vest unconditionally in identified beneficiaries.

The costs of purchasing own shares held by the EBT are shown as a deduction against shareholders' funds. The proceeds from the sale of own shares held increase shareholders' funds. Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the group profit and loss account.

Group financial statements for the year ended 31 May 2015**PRINCIPAL ACCOUNTING POLICIES**

OPERATING AND FINANCE LEASES

Assets held under finance leases and hire purchase arrangements are capitalised in the balance sheet and depreciated over their estimated useful economic lives. The interest element represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

SHARE OPTIONS

The company currently operates both an approved share option scheme and an unapproved share option scheme. Charges and related disclosures in respect of FRS20 have not been made as the amounts are immaterial and no options have been exercised.

FINANCIAL INSTRUMENTS

The Company's activities expose it to the financial risks of changes in foreign exchange rates and interest rates.

The use of financial derivatives is governed by policies approved by the board of directors, consistent with group risk management strategy as explained under note 14.

The group does not trade in financial derivatives. Income and expenditure on financial instruments is recognised on an accruals basis and taken to the profit and loss account in the appropriate period. Financial assets are recognised in the balance sheet at the lower of cost and net realisable value with provision made for diminution in value.

Derivative financial instruments, used primarily as hedges, are initially measured at fair value on the contract date and are subsequently re-measured to fair value at each reporting date.

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 May 2015

1. TURNOVER

The group's turnover was derived from its principal activities in the United Kingdom with 9% from the Channel Islands this year. The group operates within a number of key industries, being water, power, rail and transport. Disclosure of turnover by business segment has been made on page 3, but no additional disclosure of results and net assets has been made since, in the opinion of the directors, it would be seriously prejudicial to the group's competitiveness to do so.

2. NET OPERATING EXPENSES

	2015	2014
	£	£
Sales and marketing costs	212,537	195,638
Administrative expenses:		
- defined benefit pension cost	15,000	13,000
- other administrative expenses	637,432	677,830
	<u>864,969</u>	<u>886,468</u>
Other operating income	(46,831)	(46,831)
	<u>818,138</u>	<u>839,637</u>
	=====	=====

3. INTEREST RECEIVABLE

	2015	2014
	£	£
Bank interest	362	594
	<u>362</u>	<u>594</u>
	=====	=====

4. INTEREST PAYABLE

	2015	2014
	£	£
Finance lease interest	4,113	2,498
Bank interest	1,125	-
Net interest on pension fund liabilities	10,000	28,000
	<u>15,238</u>	<u>30,498</u>
	=====	=====

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 May 2015

	2015	2014
	£	£
5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation on owned assets	127,819	130,839
Depreciation on leased assets	33,308	24,278
Amortisation of goodwill	-	13,328
Profit on sale of fixed assets	(8,582)	(2,812)
Fees payable for the group audit	2,500	2,500
Fees payable for the subsidiaries' audit	15,500	15,500
Fees payable for taxation services	5,000	5,000
Expenditure on research and development	9,182	-
	=====	=====
6. EMPLOYEES		
The average monthly number of persons employed by the group during the year was:	No.	No.
Operations	81	80
Administration and management	15	14
	-----	-----
	96	94
	=====	=====
	2015	2014
	£	£
Staff costs for the above persons:		
Wages and salaries	4,321,061	4,002,848
Social security costs	485,770	450,679
Other pension costs	341,632	323,556
	-----	-----
	5,148,463	4,777,083
	=====	=====

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 May 2015

6. EMPLOYEES (Continued)

The group operates a funded pension scheme with defined benefits and also a defined contribution group personal pension plan. Contributions payable during the year to the defined benefits scheme amounted to £108,000 (2014: £108,000) and contributions payable to the group personal pension plan amounted to £234,261 (2014: £216,656). Retirement benefits accrued to 5 directors (2014: 5) under the defined contribution scheme and 4 directors under the defined benefit scheme (2014: 4).

	2015	2014
	£	£
DIRECTORS' REMUNERATION		
Emoluments for qualifying services	455,634	437,021
Contributions to defined contribution pension	79,230	77,894
	=====	=====
HIGHEST PAID DIRECTOR		
Emoluments for qualifying services	114,366	99,411
Contributions to defined contribution pension	18,216	18,035
	=====	=====

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

The directors' interests in the shares of the company, including family interests, were as follows:-

Ordinary shares of 10p each

	31 May 2015	1 June 2014
D K Bird	-	-
P J Haines	873,332	873,332
D F Lower	873,332	873,332
B D Smith	703,336	703,336
M H Engler	100,000	100,000
R M Hunter	50,000	50,000
N Billings	50,000	50,000

Company share option plan-
Ordinary shares of 10p

	31 May 2015	1 June 2014
D K Bird	5,250	5,250
P J Haines	5,250	5,250
D F Lower	5,250	5,250
B D Smith	5,250	5,250
M H Engler	-	-
R M Hunter	5,250	5,250
N Billings	5,250	5,250

The directors were granted 31,500 options on 4 January 2000 under the unapproved company scheme mostly at a strike price of 10p per share which have been exercisable since 4 January 2003. No options have been exercised to date.

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 May 2015

7. TAXATION	2015	2014
	£	£
Based on the profit of the year:		
UK Corporation tax at 20% (2014:24%)	29,000	24,000
Deferred tax at 20%	17,000	-
Prior year tax	14,450	(15,394)
	<u>60,450</u>	<u>8,606</u>
FRS17 Deferred tax adjustments (note 22)	16,600	13,400
	<u>77,050</u>	<u>22,006</u>
	=====	=====
Factors affecting corporation tax charge for the year:-		
Profit on ordinary activities before tax	207,411	157,284
	=====	=====
Profit on ordinary activities multiplied by the standard rate of corporation tax of 20% (2014: 23%)	41,500	35,800
Effects of:		
Origination and reversal of timing differences	17,000	5,000
Transactions not chargeable to tax	(12,500)	(16,800)
Prior year over-provision	14,450	(15,394)
	<u>60,450</u>	<u>8,606</u>
	=====	=====

8. INTANGIBLE FIXED ASSETS

Group	Goodwill
	£
Cost:	
1 June 2014 and 31 May 2015	40,000
 	<u> </u>
Amortisation:	
1 June 2014 and 31 May 2015	40,000
 	<u> </u>
Net book value:	
31 May 2014 and 31 May 2015	-
	=====
 Arising on the acquisition of Tom Finney Services Limited.	

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 May 2015

9. TANGIBLE FIXED ASSETS

Group	Freehold Property	Plant and machinery	Total
	£	£	£
Cost:			
1 June 2014	1,698,165	799,607	2,497,772
Additions	-	194,950	194,950
Disposals	-	(93,189)	(93,189)
	<u>1,698,165</u>	<u>901,368</u>	<u>2,599,533</u>
31 May 2015			
Depreciation:			
1 June 2014	147,755	643,060	790,815
Charge in the year	33,993	127,134	161,127
Disposals	-	(93,189)	(93,189)
	<u>181,748</u>	<u>677,005</u>	<u>858,753</u>
31 May 2015			
Net book value:			
31 May 2015	1,516,417	224,363	1,740,780
	=====	=====	=====
31 May 2014	1,550,410	156,547	1,706,957
	=====	=====	=====

Included within plant and machinery are assets held under finance leases with a net book value of £132,539 (2014:£52,844).

Company	Freehold Property	Plant and machinery	Total
	£	£	£
Cost:			
1 June 2014	1,698,165	170,370	1,868,535
Group transfers	-	9,182	9,182
	<u>1,698,165</u>	<u>179,552</u>	<u>1,877,717</u>
31 May 2015			
Depreciation:			
1 June 2014	147,755	147,672	295,427
Group transfers	-	9,182	9,182
Charge in the year	33,993	13,846	47,839
	<u>181,748</u>	<u>170,700</u>	<u>352,448</u>
31 May 2015			
Net book value:			
31 May 2015	1,516,417	8,852	1,525,269
	=====	=====	=====
Net book value:			
31 May 2014	1,550,410	22,698	1,573,108
	=====	=====	=====

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 May 2015

	2015	2014		
	£	£		
10. FIXED ASSET INVESTMENTS				
Subsidiary undertakings				
31 May 2015	478,200	478,185		
	=====	=====		
The group and the company hold more than 50% of the equity of the following material undertakings:				
Undertaking	Country of incorporation	Class of shares held	Proportion held	Nature of business
Field Systems Designs Ltd	England	Ordinary	100%	Electrical contracting
FSD Electrical Services Ltd	England	Ordinary	100%	Electrical services
Tom Finney Services Ltd	England	Ordinary	100%	Electrical services
FSD Mech Ltd	England	Ordinary	100%	Mechanical services
11. DEBTORS	2015	2014		
	£	£		
Group				
Due within one year:				
Trade debtors	4,490,991	2,089,167		
Amounts recoverable on contracts	182,631	443,084		
Other debtors	22,959	23,544		
Prepayments and accrued income	63,518	78,146		
	-----	-----		
	4,760,099	2,633,941		
Due after one year:				
Trade debtors	133,639	121,899		
	-----	-----		
	4,893,738	2,755,840		
	=====	=====		
Company				
Due within one year:				
Amount due from subsidiary undertakings	332,830	219,321		
	-----	-----		
	332,830	219,321		
	=====	=====		

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 May 2015

	2015	2014
	£	£
12. CREDITORS		
Amounts falling due within one year:		
Group		
Trade creditors	2,914,969	1,294,550
Bank loans and overdrafts	75,646	-
Payments received in advance	807,996	307,966
Corporation tax	28,735	24,000
Other taxation and social security costs	703,670	427,515
Other creditors	473,158	572,849
Accruals and deferred income	249,853	190,746
Obligations under finance leases	54,338	24,727
	<u>5,308,365</u>	<u>2,842,353</u>
	=====	=====
The finance leases are secured on the fixed assets to which they relate.		
Company		
Amounts falling due within one year:		
Corporation tax	28,000	10,000
Other creditors	69,561	64,258
	<u>97,561</u>	<u>74,258</u>
	=====	=====
CREDITORS		
Amounts falling due after more than one year:		
Group		
Obligations under finance leases	62,143	24,939
	=====	=====
Company		
Amount due to subsidiary undertaking	1,766,453	1,578,772
	=====	=====

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 May 2015

13. PROVISIONS FOR LIABILITIES

Group	Deferred Tax			
	Recognised		Not recognised	
	2015	2014	2015	2014
	£	£	£	£
Accelerated capital allowances	21,000	-	-	4,000
Other timing differences	(4,000)	-	-	(4,000)
	<u>17,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	=====	=====	=====	=====
Deferred tax				
			2015	2014
			£	£
1 June			-	-
Charged to profit and loss in the year			17,000	-
			<u>17,000</u>	<u>-</u>
31 May			=====	=====

14. FINANCIAL INSTRUMENTS

The group uses financial instruments when required to provide a financing base for the group's operations. Whilst not required to disclose information regarding financial instruments the directors believe it to be useful. The operating risks arising from financial instruments relate mainly to fluctuating interest rates, liquidity risk and on occasion foreign exchange risk. Derivatives are used to hedge against known commodity price and exchange rate exposures in contractual arrangements secured by the group. There were no derivatives used during the year ended 31 May 2015 (2014: None).

The group's financial assets and liabilities comprise cash and cash equivalents, debtors and creditors. The fair values of such financial instruments are not materially different from their book values.

Financial Risks and capital management

The group finances its operations through a mixture of share capital and reserves and has access to bank borrowings if required. The group currently has positive cash balances which are used to finance the group's working capital requirements. The group seeks to ensure continuity of funding and manage operational cash flows to produce sufficient liquidity to meet foreseeable needs.

Financial Assets and Liabilities

The group has no financial assets other than debtors which arise from the operations of the group and cash at bank and in hand.

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 May 2015

14. FINANCIAL INSTRUMENTS (Continued)

Interest rate

The directors do not consider that the group is exposed to material interest rate risk. The group finances its operations through cash reserves. The cash reserves held by the group are with a major bank and have negated the need to use significant interest bearing short-term borrowings. The finance lease obligations have fixed interest rates.

Currency risk

The group conducted some transactions in foreign currencies during the year. The table below shows the extent to which group companies have monetary assets and liabilities in currencies other than their local currency.

Foreign exchange differences on retranslation of the assets and liabilities are taken to the profit and loss account of the group.

	2015	2014
	€	€
Group		
Cash balances denominated in euros	47,390	12,865
	=====	=====

Maturity

The group financial assets and liabilities are payable on demand except as disclosed below:

	2015	2014
	£	£
Group		
Trade debtors - due within 1 year	4,490,991	2,089,167
Trade debtors - due between 2 and 5 years	133,639	121,899
Obligations under finance leases		
- due within 1 year	54,338	24,727
Obligations under finance leases		
- due between 2 and 5 years	62,143	24,939

Finance leases are secured on plant and machinery over periods of 3 years at an interest rate of 4% flat.

Company

Amounts due to subsidiary undertakings due after more than 5 years	1,766,453	1,578,772
	=====	=====

There are no material un-drawn committed borrowing facilities.

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 May 2015

15. SHARE CAPITAL	2015	2014
	£	£
Authorised:		
50,000,000 ordinary shares of 10p each	5,000,000	5,000,000
	=====	=====
Allotted, issued and fully paid:		
5,692,500 ordinary shares of 10p each	569,250	569,250
	=====	=====

16. EARNINGS PER SHARE

The basic earnings per share disclosure on the face of the profit and loss account is calculated using the weighted average number of shares of 5,395,000 (2014: 5,395,000), being the ordinary shares in issue, less shares held by the Field Systems Designs Holdings plc Employee Benefit Trust.

The diluted earnings per share disclosure on the face of the profit and loss account is calculated using the weighted average number of shares of 5,413,823 (2014: 5,411,875) taking into account the dilutive impact of the employee share options and the weighted average number of shares held by the Employee Benefit Trust.

17. EMPLOYMENT BENEFIT TRUST

There were 297,500 (5%) ordinary 10p shares held by the Field Systems Designs Holdings PLC Employee Benefit Trust as at 31 May 2015 and 31 May 2014 for the benefit of employees under current and proposed share option schemes.

There were 89,250 (2014: 89,250) ordinary 10p shares held under option for employee share option schemes.

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 May 2015

18. RESERVES	2015	2014
	£	£
SHARE PREMIUM ACCOUNT		
Group & Company		
At 1 June 2014 and 31 May 2015	158,750	158,750
	=====	=====
PROFIT & LOSS ACCOUNT		
Group		
	2015	2014
	£	£
At 1 June	1,179,649	1,117,171
Profit for the year	130,361	135,278
Other recognised gains and losses	(68,800)	(72,800)
	-----	-----
At 31 May	1,241,210	1,179,649
	=====	=====
OTHER RESERVES		
	2015	2014
	£	£
Merger reserve	408,033	408,033
Employee Benefit Trust	(38,000)	(38,000)
	-----	-----
At 31 May	370,033	370,033
	=====	=====
PROFIT & LOSS ACCOUNT		
Company		
	2015	2014
	£	£
At 1 June	(78,362)	71,271
Loss for the year	(145,321)	(149,633)
	-----	-----
At 31 May	(223,683)	(78,362)
	=====	=====
19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS		
GROUP		
	2015	2014
	£	£
Opening shareholders' funds	2,277,682	2,215,204
Total recognised gains and losses for the year	61,561	62,478
	-----	-----
Closing shareholders' funds	2,339,243	2,277,682
	=====	=====

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 May 2015

20. ULTIMATE CONTROLLING PARTY

The company is quoted on the ISDX Growth Market (previously known as the PLUS trading platform) and its shares are held by a number of independent investors and consequently there is no single controlling party.

Related party disclosures

The Company has taken advantage of FRS 8 Related Party Disclosures exempting the disclosure of transactions with wholly owned subsidiaries.

21. CONTINGENT LIABILITIES

The group has arranged bonding facilities in respect of contract duration and maintenance periods amounting to £720,304 at 31 May 2015 (2014:£ 565,814).

22. PENSION FUNDS

	2015 £	2014 £
Deficit at 1 June 2014	265,600	246,400
Current service cost	15,000	13,000
Contributions paid	(108,000)	(108,000)
Other finance costs	10,000	28,000
Actuarial loss	86,000	91,000
Deferred tax movement	(600)	(4,800)
Deficit at 31 May 2015	268,000	265,600
	=====	=====

A group subsidiary operates a funded pension scheme with defined benefits and a defined contribution group personal pension plan. The group personal pension plan commenced on 1 April 1999 and is open to all new eligible employees of this subsidiary.

Membership of the defined benefit scheme was offered to all permanent employees including executive directors until 31 March 1999 when it was closed to new entrants. The scheme was closed to future service accrual on 8 April 2002 when contributions ceased and liabilities for future service are no longer accruing.

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 May 2015

22. PENSION FUNDS (continued)

The assets of the scheme are held separately from those of the subsidiary. Contributions were determined by an independent qualified actuary on the basis of triennial valuations using the projected unit method to meet the cost of employees' future service benefits.

The pension scheme assets and liabilities for employees transferring to the subsidiary were transferred to the pension scheme in November 1995.

Actuarial valuation

The last actuarial valuation for the fund was as at 31 March 2012 and the next valuation is due as at 31 March 2015; however the results are not yet available.

The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on future investments and the level of future discount rates.

It was assumed for the 2012 valuation that the rate of interest secured on the assets of the scheme would be 6% (2009: 6%) per annum, and that benefits would be revalued at the rate of 2.8% (2009: 2.8%) per annum.

The actuarial valuation of the scheme's assets was £3,374,000 (2009: £2,216,000) which was 87% of the benefits that had accrued to members at the valuation date leaving a deficit of assets over past service liabilities amounting to £514,000 (2009: £859,000).

The effect on the scheme liabilities arising from the replacement of the RPI inflation measure with CPI has been to reduce the liabilities shown in the 31 March 2012 valuation by approximately £185,000.

Following consideration of the recommendations of the actuary, a subsidiary company board agreed to make additional contributions to the scheme of £87,000 per annum for 5 years, (previously £76,000 for 8 years) which are expected to reduce the deficit on the fund and to eliminate the shortfall by 31 March 2017.

The actual overall contribution payments made by the company total £108,000 per annum (2014:£108,000) in order to make provision for the levies being charged by the Pension Protection Fund.

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 May 2015

22. PENSION FUNDS (continued)

FRS17 Valuation

Financial Reporting Standard 17 (FRS17) has been used to assess the liabilities of the subsidiary's defined benefit scheme as at 31 May 2015. The FRS17 valuation assumptions, asset allocation and rates of return were as follows:

FRS17 Valuation Assumptions	2015	2014	2012	2011	2010
Increase for pensions in payment	3.1%	3.3%	3.3%	2.85%	3.3%
Discount rate	3.5%	4.4%	4.4%	4.3%	5.3%
Inflation assumption	3.2%	3.4%	3.4%	2.9%	3.4%

Scheme Assets (£)	2015	2014	2012	2011	2010
Equities	2,519,000	2,198,000	2,130,000	1,881,000	1,041,000
Bonds	1,704,000	1,480,000	1,480,000	1,434,000	1,805,000
Other assets	135,000	145,000	128,000	245,000	321,000
	<u>4,358,000</u>	<u>3,823,000</u>	<u>3,738,000</u>	<u>3,560,000</u>	<u>3,167,000</u>

Scheme Assets	2015	2014	2012	2011	2010
Equities	58%	57%	57%	53%	33%
Bonds	39%	39%	40%	40%	57%
Other assets	3%	4%	3%	7%	10%

Expected rates of return	2015	2014	2012	2011	2010
Equities	4.8%	5.6%	5.1%	4.65%	6.4%
Bonds	2.3%	3.1%	2.6%	2.15%	3.9%
Other assets	0.5%	0.5%	0.5%	0.5%	0.5%

The assumptions used in determining the overall expected return of the scheme refer to yields available on government bonds and appropriate risk margins.

Mortality

The post-retirement mortality assumptions used to value the benefit obligation at 31 May 2015 are based on the S1PA table with CMI_2011 projections on a year of birth basis, subject to a long-term rate of improvement of 1% per annum. This is unchanged from the assumptions used at 31 May 2014.

The life expectancy of a male member reaching age 65 in 2015 is projected to be 22.3 years compared to an expectation of 22.3 years used in 2014. The life expectancy of a female member reaching age 65 in 2015 is projected to be 24.6 years compared to an expectation of 24.5 years used in 2014. For scheme members who have not reached pensionable age, the rates are adjusted to reflect changes in mortality rates that are expected to arise over the period to pensionable age. The life expectancy of a male member reaching age 65 in 2035 is projected to be 23.7 years compared to an expectation of 23.6 years for a member reaching age 65 in 2034. The life expectancy of a female member reaching age 65 in 2035 is projected to be 26.1 years compared to an expectation of 26.1 years for a member reaching age 65 in 2034.

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 May 2015

22. PENSION FUNDS (continued)

The funded status of the scheme as at 31 May 2015 was as follows:

Funded Status (£)	2015	2014	2012	2011	2010
Market value of assets	4,358,000	3,823,000	3,738,000	3,560,000	3,167,000
Scheme liabilities	4,693,000	4,155,000	4,046,000	3,779,000	3,310,000
Deficit in the scheme	(335,000)	(332,000)	(308,000)	(219,000)	(143,000)
Deferred tax asset	67,000	66,400	61,600	43,800	30,000
Net pension liability	(268,000)	(265,600)	(246,400)	(175,200)	(113,000)

The FRS17 valuation is a market-based valuation and therefore extremely volatile as it is significantly affected by the state of the markets at the valuation date. The above increase in deficit was mainly created as a result of the increase in the scheme's liabilities being higher than was expected, as a consequence of the discount rate falling from 4.4% to 3.5%.

Deferred tax movements resulting from FRS17 were as follows:

Deferred tax asset (£)	2015	2015
Balance at 1 June 2014	66,400	61,600
Profit and loss charge	(16,600)	(13,400)
STRGL charge	17,200	18,200
Balance at 31 May 2015	67,000	66,400

Sensitivity of results to changes in assumptions

The value of the scheme deficit is sensitive to changes in the key valuation assumptions, particularly the difference between the pre-retirement discount rate and the deferred pension revaluation assumptions, the difference between the post-retirement discount rate and the pension increase assumptions; and the assumed longevity of members in retirement.

The following table shows the approximate effect of changing some of the key assumptions in isolation.

Assumption	Change	Approximate impact on liabilities
Discount rate	-0.25%	+4.7%
Inflation rate (RPI)	+0.25%	+2.0%
Longevity in retirement – long term rate of improvement	+0.25%	+1.5%

For example, from the table, if the discount rate was reduced by 0.25% per annum from 3.5% per annum to 3.25% per annum, the valuation deficit would increase to £555,000 (from £335,000).

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 May 2015

22. PENSION FUNDS (continued)

Sensitivity of results to changes in assumptions

The investment strategy of the scheme adopted by the Trustees is to achieve an investment return of 1.8% per annum above the liability benchmark return on a portfolio of index-linked and fixed interest gilts. A breakdown of the scheme's assets is set out above. Approximately 60% of the Scheme's assets are invested in growth assets such as equities, and 40% in a protection portfolio of assets designed to stabilise the scheme's contribution funding level against movements in interest rates or inflation. The scheme's contributions due from the Employer will be affected by future changes in both the value of liabilities and the market value of assets. The Trustees continue to monitor their investment exposures in order to try to try to mitigate the impact of any adverse market movements.

An analysis of the movement in the deficit is set out below:

(£)	2015	2014	2012	2011	2010
Current service cost	(15,000)	(13,000)	(11,000)	(23,000)	(26,000)
Contributions paid	108,000	108,000	-	108,000	216,000
Other finance costs	(10,000)	(28,000)	(43,000)	(35,000)	(27,000)
Actuarial gain/(loss)	(86,000)	(91,000)	(35,000)	(126,000)	52,000
	(3,000)	(24,000)	(89,000)	(76,000)	215,000
Opening net deficit	(332,000)	(308,000)	(219,000)	(143,000)	(358,000)
Closing net deficit	(335,000)	(332,000)	(308,000)	(219,000)	(143,000)

The status of the scheme assets and scheme liabilities as at 31 May 2015 was as follows:

Reconciliation of opening and closing balances of the present value of the scheme liabilities

	2015	2014
	£000s	£000s
Liabilities at beginning of period	4,155	4,046
Current service cost	15	13
Interest cost	180	176
Actuarial loss	434	13
Benefits paid	(91)	(93)
Liabilities at end of period	4,693	4,155

Reconciliation of opening and closing balances of the fair value of scheme assets

	2015	2014
	£000s	£000s
Fair value of scheme assets at beginning of period	3,823	3,738
Expected return on scheme assets	170	148
Actuarial gain/(loss)	348	(78)
Contributions paid by employers	108	108
Benefits paid	(91)	(93)
Fair value of scheme assets at end of period	4,358	3,823

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 May 2015

22. PENSION FUNDS (continued)

The effect of FRS17 on the profit and loss account is as follows:

Operating profit – administration expenses

(£)	2015	2014	2012	2011	2010
Current service cost	15,000	13,000	11,000	23,000	26,000

Interest payable

(£)	2015	2014	2012	2011	2010
Expected asset return	170,000	148,000	118,000	139,000	142,000
Interest on liabilities	(180,000)	(176,000)	(161,000)	(174,000)	(169,000)
	(10,000)	(28,000)	(43,000)	(35,000)	(27,000)

The effect of FRS17 on the statement of total recognised gains and losses is as follows:

	2015	2014	2012	2011	2010
Actual return less expected asset return	348,000 (2%)	(78,000) (2%)	149,000 4%	224,000 6%	176,000 6%
Experience gains and Losses on liabilities	(434,000) 0%	(13,000) 0%	(154,000) (4%)	(62,000) (2%)	7,000 0%
Changes in assumptions underlying the liabilities	0 0%	0 0%	(30,000) (1%)	(288,000) (8%)	(131,000) (4%)
Actuarial gain/(loss)	(86,000)	(91,000)	(35,000)	(126,000)	52,000

Cumulative actuarial losses recognised in the statement of total recognised gains and losses amounts to £439,000 as at 31 May 2015 (2014: £353,000).

Next year's estimated profit & loss entries in respect of FRS17

Operating profit (£)	2016
Scheme expenses	15,000
Net interest on the net defined benefit liability	10,000
	25,000

History of experience gains and losses

	2015	2014	2012	2011	2010
Market value of assets	4,358,000	3,823,000	3,738,000	3,560,000	3,167,000
Scheme liabilities	4,693,000	4,155,000	4,046,000	3,779,000	3,310,000
Actual return less expected asset return	348,000	(78,000)	149,000	224,000	176,000
Experience gains and Losses on liabilities	(434,000)	(13,000)	(154,000)	(62,000)	7,000

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 May 2015

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

23. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2015	2014
	£	£
Operating profit	222,287	187,188
Depreciation	161,127	155,117
Amortisation	-	13,326
Pension service cost	15,000	13,000
Profit on sale of fixed assets	(8,582)	(2,812)
(Increase)/reduction in debtors	(2,137,913)	1,183,767
(Increase)/reduction in stock	(8,063)	880
Increase/(reduction) in creditors	2,248,035	(1,472,053)
	<u>491,891</u>	<u>78,413</u>
	=====	=====

24. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2015	2014
	£	£
Increase / (Reduction) in cash	404,393	(6,556)
New loans	(100,000)	-
Loan repayments	24,354	-
New finance leases	(113,003)	(18,840)
Finance lease repayments	46,188	24,673
Net funds at 1 June	867,057	867,780
Net funds at 31 May	<u>1,128,989</u>	<u>867,057</u>
	=====	=====

25. ANALYSIS OF NET FUNDS

	2014	Non-cash	Cash flows	2015
	£	£	£	£
Cash at bank	916,723	-	404,393	1,321,116
Bank loans and overdrafts	-	-	(75,646)	(75,646)
Finance leases	(49,666)	(113,003)	46,188	(116,481)
	<u>867,057</u>	<u>(113,003)</u>	<u>374,935</u>	<u>1,128,989</u>
	=====	=====	=====	=====