REGISTERED NUMBER: 00301199 (England and Wales)

Strategic Report, Report of the Directors and

Audited Financial Statements for the Year Ended 31 December 2019

for

RMD Kwikform Limited

RMD Kwikform Limited

Contents of the Financial Statements
for the Year Ended 31 December 2019

RMD Kwikform Limited

Company Information
for the Year Ended 31 December 2019

DIRECTORS:	M J Pickard J M Breen G Ralph B O'Hara
SECRETARY:	P R Allmark
REGISTERED OFFICE:	Foundation House Brickyard Road Walsall WS9 8BW
REGISTERED NUMBER:	00301199 (England and Wales)
AUDITORS:	Grant Thornton UK LLP Chartered Accountants and Statutory The Colmore Building 20 Colmore Circus Birmingham B4 6AT

RMD Kwikform Limited

Strategic Report
for the Year Ended 31 December 2019

The directors present their strategic report for RMD Kwikform Limited for the year ended 31 December 2019.

PRINCIPAL ACTIVITY
The Company is a wholly owned subsidiary of Interserve Group Limited. The principal activities of the Company are the hire and sale of falsework, formwork and ground shoring equipment.

TRADING ENVIRONMENT
Whilst the ongoing Brexit negotiations continued to cause a degree of uncertainty in the trading year, the UK construction market continued to offer opportunities. Going forward we anticipate a contraction in the Build sector, however the medium- term pipeline remains strong with projects such as Hinkley Point and HS2 providing opportunities. We continue to grow in the Civils sector and ground shoring sector, and it is expected this trend will continue throughout the coming year.

POST BALANCE SHEET EVENTS
Covid-19 pandemic

On 30 January 2020 the World Health Organisation declared the outbreak of coronavirus (COVID-19) a pandemic resulting in the governments of many countries, states and cities taking preventative and protective actions such as imposing restrictions on travel and business operations and advising or requiring individuals to stay at home or quarantine in cases where people have been exposed to the virus.

RMDK Group and the wider Interserve Group, have implemented business continuity plans with only key front-line staff working in its offices and yard and as far as possible the remainder of its staff working from home which has meant that there has been limited impact on service delivery and operations.

The RMDK Group has undertaken a detailed review of the potential impacts of COVID-19 and continues to monitor future developments closely. At the date of this report the impact of COVID-19 has predominantly been short-term reductions in revenue as a result of customer site closures, delays to the commissioning of project work, both in the public and private sector. Which has been offset to the degree possible by cost management in the business.

The Company has concluded that the coronavirus pandemic is a non-adjusting post balance sheet event in accordance with the guidance set out in IAS 10 - Events After the Reporting date, as the significant changes in business activities and economic conditions occurred as a result of events arising after the 31 December 2019 reporting date.

Cyber attack
At the end of November 2020, the RMDK Group, which had not been affected by the May 2020 cyber-attack on the Interserve Group, was subject to a separate but much more limited attack which caused some disruption to their normal operations. The Group's Crisis Response was swiftly implemented, and the impact was contained. RMDK's investigation of the cyber-attack is ongoing and it has complied with its notification obligations under applicable data privacy law including to the ICO. It is too early at this stage to say what if any action may be taken by the ICO.

REVIEW OF BUSINESS
The 2019 Company results are turnover £37,575k (2018: £34,067k), operating profit of £7,305k (2018: £6,700k) and profit before tax £8,417k (2018: £8,433k). Dividends of nil were paid during the year 2019 (2018: nil).

The Company balance sheet is disclosed on page 11.

The average number of persons employed by the Company during 2019 was 308 (2018: average 304).

The above information, together with a review of hire fleet utilisation, is used by the Company as its key performance indicators to monitor the performance of the business.

As planned during 2019, the business has continued to develop its offering in the ground shoring market and we successfully grew our market share in this sector. This investment and development continued throughout 2020 as part of our overall growth strategy, which also saw us widen our branch network during this period. The traditional formwork/falsework business showed a good degree of resilience in the year, despite challenging market conditions (see Trading Environment section above), mainly thanks to the sustained level of activity in the building sector.

HEALTH AND SAFETY
The company is committed to the health and safety of its employees a fact that is recognised by our continuing ISO18001 accreditation and receipt of various ROSPA awards throughout 2019. We strive to promote a culture of continuous improvement and ensure a safe working environment for our employees.

SECTION 172 (1) STATEMENT
The Directors of the Company, as those of all UK companies, must act in accordance with a set of general duties which are detailed in section 172 of the Companies Act 2006. These duties include a duty by the Directors of the Company to act in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so, have had regard to and recognised the importance of considering all stakeholders and other matters (as set out in s.172(1)(a-f) of the Act) in its decision-making.
As part of their induction, a Director is briefed on their duties and they can access professional advice on these, either through the Company or, if they judge it necessary, from an independent provider. On-going training is provided to directors to ensure that their knowledge remains up to date so that they can continue to perform their duties. It is important to recognise that in a large company such as ours, the Directors fulfil their duties partly through a governance framework that delegates day-to-day decision-making to employees of the Company.

ENGAGEMENT WITH OUR STAKEHOLDERS

SHAREHOLDERS
Our shareholders are key to the future success of the business, providing funds which aid business growth and stability. The Directors provide information on company strategy and performance, being honest and transparent at all times. Value is generated for shareholders by supporting the overall Group to deliver the business plan. Shareholders are able to ask questions regarding the business and are provided with a copy of the Annual Report and Financial Statements for the Group.

SUPPLIERS
The Group has a broad range of suppliers, ranging from the provision of materials for design, development and production to suppliers of IT, software and facilities. Our Code of Conduct helps us build on our reputation for having a positive social and environmental impact and makes clear the high ethical standards that we operate. Interaction with our suppliers and treating suppliers fairly allows us to drive higher standards and reduce risk in our supply chain whilst benefitting from cost efficiencies and positive environmental outcomes.

CUSTOMERS
A close working relationship with our customers helps us to better understand their needs and provide suitable and reliable products and service support. Our talented teams are dedicated to making sure we constantly refine what we do, providing confidence with delivery of everything we do. It is this employee experience, expertise and creativity that is what our customers seek and value.

EMPLOYEES
The company complies with its ultimate parent company, Interserve Group Limited, and their policies on employment. The group, of which RMD Kwikform Limited is a part, believe in involving our people in matters affecting them as employees and keeping them informed of all relevant factors concerning the company's performance, strategy, financial status, charitable activities and other issues, as well as achieving common employee awareness of the financial and economic factors affecting the company's performance.
Also, the company's policies aim at providing employees systemically with information on matters of concern to them. In this respect, the directors of the company undertake site visits to review operations, health and safety performance, and engage with employees on a regular basis either in person, via video calls, emails or toolbox talks.
The directors actively promote employee surveys and other employee engagement activities, and robust action planning is in place to support feedbacks received from employees.

Interserve is committed to eliminating discrimination among our workforce in order that we may offer employees an environment where there is no unlawful discrimination and all decisions are based on merit. The policy is to promote equality and fairness for all in our employment. The Group aims to ensure that no job applicant or employee receives less favourable treatment or is disadvantaged by imposed conditions or requirements that cannot be shown to be justifiable, on the grounds of gender, race, disability, sexual orientation, religion or belief, age, and pregnancy or maternity.

The Group takes every step to ensure working environments are free from harassment and bullying, where all individuals are treated equally and fairly and that selection for employment, promotion, training or any other benefit will be taken solely on merit and ability against job-based criteria. The Group avoids discrimination in working conditions and terms of employment and are committed to making reasonable adjustments for disabled employees.

SUSTAINABILITY

The company is actively engaged in delivering long term sustainable performance, this process is managed and monitored thorough our parent company's, Interserve Group Limited, 'Sustain Abilities' plan. The plan involves both short-term and longer-term objectives with set milestone dates through to 2020.

COMMUNITY

By contributing to the wider society this enables us to create stronger communities and have a positive environmental impact. The Group's approach to environmental and social matters is of high importance. Our Group Parent Company has overall responsibility and oversight of such matter and provides regular updates to the Directors.

GOING CONCERN

As a consequence of Group banking arrangements to which the Company is a party, the Directors assessment of the going concern status of the Company is reliant upon the going concern status of the Group as a whole.

Based on information provided to the Directors by the Interserve Group Limited and its subsidiary undertakings (together ''the Group'') in relation to the Group's trading results, its available cash and debt facilities, its ability to continue to operate within its financial covenants and its latest financial forecasts and projections, the Directors expect the Company to have sufficient liquidity to meet its funding requirements during the going concern review period of 12 months to 28 February 2022.

The Directors have carefully considered factors which may affect the Company's and the Group's future performance and financial position in the context of their available resources. Specifically:

- The risks arising from the current COVID-19 pandemic and its potential implications to the broader global economic climate which could impact our ability to win new work and cause delays in the delivery of our existing projects.

- The satisfactory close out of legacy liabilities in relation to Glasgow EFW within a level covered by existing facilities and the likelihood of a commercial settlement or an arbitration outcome occurring within the going concern period of the next twelve months.

- Following the disposal of the Group's Support Services business in November 2020, the Group continues to review options for further disposals. Although no decisions have been made, it is possible that further disposals could be made within the going concern review period. The impact of any such disposals and the requirement to repay debt or retire debt facilities with the majority of any disposal proceeds, cannot be accurately assessed at this stage. However, the directors would, in accordance with their statutory duties, naturally engage with other companies within the Group (including Interserve Group Limited) in order to ensure that the remaining Group continued to have access to sufficient financial resources as part of any decision-making process. The Directors consider it implausible that a disposal would be approved that resulted in the going concern basis of preparation no longer being appropriate. However, it is plausible that available liquidity headroom could be reduced as a result of such a disposal.

While the Group's Downside Case forecast which reflects reasonably possible adverse variations in performance arising from lower new order intake due to less work available and increased competition, further COVID-19 related delays to delivering and completing existing contracts, increases in working capitalisation and delays in achieving central cost savings, indicates sufficient liquidity and compliance with covenants, the Directors have identified, via their reverse stress testing, various plausible but severe combinations of adverse events which, in combination, could lead to a shortfall in liquidity within the assessment period. As such, the Directors have concluded that, although the uncertainties identified are not individually material, in combination under a severe and plausible set of scenarios they represent a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as a going concern.

The Directors have concluded that, after due consideration, there is a reasonable expectation that the Company has adequate resources to continue for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing these financial statements.

These financial statements do not include the adjustments that would result if the Group or the Company were unable to continue as a going concern.

FUTURE DEVELOPMENTS

The directors anticipate the market will continue to present opportunities for growth and therefore aim to position the business to increase market share in both the ground shoring and formwork markets.

PRINCIPAL RISKS AND UNCERTAINTIES

Finance and Foreign Exchange Risk

The Company is financed by interest free loans and interest-bearing loans from Group undertakings and a bank overdraft that is subject to a Group set-off facility. In addition, the ultimate parent company manages both interest rate risk and exchange rate risk, through the Group Treasury department, using various methods including swaps and forward contracts, and these are disclosed in the Group accounts.

Credit Risk

All trade is carried out subject to our standard credit terms and normal terms and conditions. The debtor's ledger is reviewed on a regular basis to determine the age of the debt and any necessary provision is made accordingly.

Liquidity Risk

In order to ensure the Company has sufficient funds for its ongoing operations and future activities, the Company uses Group loans. The financing and liquidity of the Company is managed in conjunction with the Group Treasury function.

The Directors are satisfied that, given the nature of this Company, there are no other significant risks and uncertainties to consider.

Group risks are discussed in the Group's annual report, which does not form part of these financial statements.

APPROVED BY THE BOARD OF DIRECTORS:

....

Signed on behalf of the Board by
P R Allmark - Secretary

Date: 25/2/21

The directors present their report with the financial statements of the company for the year ended 31 December 2019.

DIVIDENDS
Dividends of £nil were distributed during the year ending 31 December 2019 (2018: £nil).

DIRECTORS
The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

M J Pickard
J M Breen
G Ralph

Other changes in directors holding office are as follows:

B O'Hara – appointed on 16 December 2020
M R Follett - resigned 8 January 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 of 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

Matters covered in the Strategic Report
For a review of the business, information on how the board engages with employees and other key stakeholders', details of principal risks and uncertainties and post balance sheet events please refer to the Strategic report.

Qualifying third party indemnity provisions
The company has not provided qualifying provisions in respect of the board of directors during the year and at the date of this report.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

RMD Kwikform Limited

Report of the Directors
for the Year Ended 31 December 2019

AUDITOR
The auditors, Grant Thornton UK LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

APPROVED BY THE BOARD OF DIRECTORS:

....
Signed on behalf of the Board by
P R Allmark - Secretary

Date: ....25/2/21..............

Independent Auditor's Report to the Members of
RMD Kwikform Limited

Opinion

We have audited the financial statements of RMD Kwikform Limited (the 'company') for the year ended 31 December 2019, which comprise the statement of comprehensive income, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of the company's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

Material uncertainty related to going concern

We draw attention to note 2 in the financial statements which explains that the Company's going concern assessment is dependent upon the assessment of the going concern of the Group as a whole. As stated in note 2, a number of uncertainties have been identified across the Group. The Directors have concluded that whilst individually these uncertainties are not material, in combination under a severe and plausible set of scenarios they represent a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the strategic report and the report of the directors but does not include the financial statements and our auditor's report thereon. 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 the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the report of the directors have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006
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 the report of the directors.

Matters on which we are required to report by exception
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.

Responsibilities of directors for the financial statements
As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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: 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.

Grant Thornton UK LLP

Andrew Turner FCA (Senior Statutory Auditor)
for and on behalf of Grant Thornton UK LLP
Chartered Accountants and Senior
Statutory Auditor
Birmingham
United Kingdom

Date: 25 February 2021

RMD Kwikform Limited

Statement of Comprehensive Income
for the Year Ended 31 December 2019

	Notes	2019 £'000	2018 £'000
TURNOVER	3	37,575	34,067
Cost of sales		(9,978)	(9,088)
GROSS PROFIT		27,597	24,979
Administrative expenses		(20,292)	(18,279)
OPERATING PROFIT		7,305	6,700
Interest receivable and similar income	5	1,720	1,733
Interest payable and similar expense	6	(608)	-
PROFIT BEFORE TAXATION	7	8,417	8,433
Tax on profit	8	(1,353)	(1,410)
PROFIT FOR THE FINANCIAL YEAR		7,064	7,023
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		7,064	7,023

RMD Kwikform Limited (Registered number: 00301199)

Balance Sheet
31 December 2019

	Notes	2019 £'000	2018 £'000
FIXED ASSETS			
Owned			
Intangible assets	9	56	43
Tangible assets	10	26,242	23,155
Right of Use			
Tangible assets	18	7,464	-
		33,762	23,198
CURRENT ASSETS			
Stocks	11	3,824	3,679
Debtors: amounts falling due within one year	12	19,499	13,368
Debtors: amounts falling due after more than one year	12	55,169	54,792
Cash in hand		3,224	1,506
		81,716	73,345
CREDITORS			
Amounts falling due within one year	13	(12,241)	(5,771)
NET CURRENT ASSETS		69,475	67,574
TOTAL ASSETS LESS CURRENT LIABILITIES		103,237	90,772
CREDITORS			
Amounts falling due after more than one year	14	(5,395)	-
PROVISIONS FOR LIABILITIES			
Deferred Tax	15	-	(418)
Long Term Restoration Costs	15	(424)	-
		(424)	(418)
NET ASSETS		97,418	90,354
CAPITAL AND RESERVES			
Called up share capital	16	11,700	11,700
Retained earnings	17	85,718	78,654
SHAREHOLDERS' FUNDS		97,418	90,354

The financial statements of RMD Kwikform Limited were approved by the Board of Directors on 25/2/21 and were signed on its behalf by:

....
M J Pickard - Director

....
J M Breen - Director

RMD Kwikform Limited

Statement of Changes in Equity for the Year Ended 31 December 2019

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2018	11,700	71,631	83,331
Changes in equity			
Total comprehensive income	-	7,023	7,023
Balance at 31 December 2018	11,700	78,654	90,354
Changes in equity			
Total comprehensive income	-	7,064	7,064
Balance at 31 December 2019	11,700	85,718	97,418

The notes form part of these financial statements

1. STATUTORY INFORMATION

RMD Kwikform Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page. These financial statements cover the individual entity only.

2. ACCOUNTING POLICIES

Basis of preparation
These financial statements have been prepared in accordance with applicable accounting standards and in accordance with Financial Reporting Standard 101 - 'The Reduced Disclosure Framework' (FRS 101). The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have all been applied consistently throughout the year unless otherwise stated.

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Sterling (£) and have been presented in round thousands (£'000).

Disclosure exemptions adopted
- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 62, B64 (d, e, g, h, j, m, n - ii, o, p, q - ii) B66 and B67 of IFRS Business Combinations;
- the requirements of paragraph 33(c) of IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
- paragraph 79(a)(iv) of IAS 1;
- paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- paragraph 118(e) of IAS 38 Intangible Assets;
- paragraphs 76 and 79(d) of IAS 40 Investment Property; and
- paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 *Presentation of Financial Statements;*
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.
- the effect of future accounting standards not yet adopted.

Parent company
The Company is a wholly owned subsidiary of Interserve Group Limited, which prepares publicly available consolidated financial statements in accordance with IFRS. This Company is included in the consolidated financial statements of Interserve Group Limited for the year ended 31 December 2019. These accounts are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

Going Concern
The financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its liabilities as they fall due in the 12-month period to 28 February 2022 ("the going concern review period"). Based on current forecasts and taking into account existing cash and debt facilities of Interserve Group Limited and its subsidiary undertakings (together "the Group"), the Directors expect the Company to have sufficient liquidity to meet its funding requirements during the going concern review period.

As a consequence of group banking arrangements to which this company is a party, our assessment of the going concern status of the Company is reliant upon the going concern status of the Group as a whole.

Following the appointment of Administrators to Interserve Plc in March 2019, the Group's Construction business lost a number of contracts previously awarded on a preferred bidder basis. The loss of these volumes coupled with the identification of cost overruns on certain legacy contracts gave rise to a material cash out flow from the Group in 2019.

Since the deleveraging, the Group and Divisional management teams have been strengthened including a new Group Board, Chairman and CFO and a revised reporting structure put in place. Additional funding facilities of £39 million and £125 million were put in place in October 2019 and February 2020 respectively to re-establish a stable financial platform from which to grow the business and to ensure good liquidity over the medium term. The Group has since sold its FM services business to Mitie during November 2020 for £105 million and a 17.5% equity share in Mitie's business. The majority of these proceeds were used to repay existing borrowing facilities with an appropriate balance retained for working capital purposes. Following the disposal of the FM services business the Group's financial covenants have been reset with appropriate headroom to reflect the size of the remaining businesses.

When considering the appropriateness of the going concern basis of preparation, the Directors have reviewed a number of factors, including information provided to them in relation to the Group's trading results, its available resources, the ability of the Group to continue to operate within its financial covenants and the Group's latest forecasts and projections, comprising:

- A Base Case forecast which has been prepared on a bottom up basis with conservative assumptions regarding new contract wins and settlements on existing contracts;
- A Downside Case reflecting reasonably possible adverse variations in performance including:
  - lower new orders reflecting less work available and increased competition;
  - the impact of further COVID 19 related delays in delivering and completing existing contracts, and;
  - increases in working capital utilisation and delays in achieving central cost savings.
- A Reverse Stress Test that looks to identify scenarios that would give rise to a liquidity shortfall such that the Group could no longer be considered a going concern and then assess the likelihood of each of these severe but plausible downsides arising. These stress tests included increased market competition in UK Construction, additional costs of settling the Glasgow Energy for Waste dispute and delays in the delivery of central cost savings.

Although the Group's Downside Case shows lower headroom at certain points in the forecast period, it demonstrates sufficient liquidity to absorb these risks while complying with the Group's financial covenants. In addition, there are a number of upside opportunities that have not been recognised in either the Base Case or the Downside Case including better than anticipated settlement and claim outcomes and greater success in securing new work than forecast. Further, the forecasts include contingencies that may not be required. The Directors therefore consider that the Downside Case, in isolation, represents a severe and plausible scenario where nonetheless no covenant breach or exhaustion of available liquidity occurs.

The Directors have carefully considered factors which may affect the Company's and the Group's future performance and financial position in the context of their available resources. Specifically:

- The risks arising from the current COVID-19 pandemic and its potential implications to the broader global economic climate which could impact our ability to win new work and cause delays in the delivery of our existing projects.

- The satisfactory close out of legacy liabilities in relation to Glasgow EFW within a level covered by existing facilities and the likelihood of a commercial settlement or an arbitration outcome occurring within the going concern period of the next twelve months.
- Following the disposal of the Group's Support Services business in November 2020, the Group continues to review options for further disposals. Although no decisions have been made, it is possible that further disposals could be made within the going concern review period. The impact of any such disposals and the requirement to repay debt or retire debt facilities with the majority of any disposal proceeds, cannot be accurately assessed at this stage. However, the directors would, in accordance with their statutory duties, naturally engage with other companies within the Group (including Interserve Group Limited) in order to ensure that the remaining Group continued to have access to sufficient financial resources as part of any decision-making process. The Directors consider it implausible that a disposal would be approved that resulted in the going concern basis of preparation no longer being appropriate. However, it is plausible that available liquidity headroom could be reduced as a result of such a disposal.

While the Downside Case indicates sufficient liquidity and compliance with covenants, the Directors have identified, via their reverse stress testing, various plausible but severe combinations of adverse events which, in combination, could lead to a shortfall in liquidity within the assessment period. As such, the Directors have concluded that, although the uncertainties identified are not individually material, in combination under a severe and plausible set of scenarios they represent a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as a going concern.

The Directors have concluded that, after due consideration, there is a reasonable expectation that the Company has adequate resources to continue for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing these financial statements.

These financial statements do not include the adjustments that would result if the Group or the Company were unable to continue as a going concern.

Changes in significant accounting policies
IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease').

The adoption of this new Standard has resulted in the Company recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

For contracts in place at the date of initial application, the Company has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as a lease under IAS 17 and IFRIC 4.

The Company has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 January 2019. At this date, the Company has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Company has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under IAS 17 immediately before the date of initial application.

Measurement and recognition of leases as a lessee
In the context of the transition to IFRS 16, right-of-use assets of £8.3 million, lease liabilities of £7.9 million and provisions of £0.4m were recognised as at 1 January 2019. The following reconciliation to the opening balance for the lease liabilities as at 1 January 2019 is based upon the operating lease obligations as at 31 December 2018.

	£'000
Operating lease commitments as at 31 December 2018	8,928
Less: short-term and low-value leases recognised on a straight-line basis as expense	(275)
Discounted using the lessee's incremental borrowing rate at the date of initial application	(743)
Lease liabilities as at 1 January 2019	**7,910**

The lease liabilities were discounted at the borrowing rate as at 1 January 2019. The weighted average discount rate was 7.53%.

The key effects of the current year's balance sheet can be summarised as follows:

	2020 on a consistent basis without IFRS 16 £'m	Effect of IFRS 16 £'m	As reported this year £'m
Non-current assets	26.3	7.5	33.8
Current assets	81.7	0.0	81.7
Current liabilities	10.4	1.8	12.2
Noncurrent liabilities	0.0	5.8	5.8
Net assets	97.6	-0.2	97.4
Profit and Loss	7.3	-0.2	7.1
Total equity	97.6	-0.2	97.4

As a result of the application of IFRS 16, the current year's profit and loss result is £0.2m lower due to the replacement of charges previously recognised on operating leases (£2.0m) with depreciation (£1.6m) and interest expense representing the unwind of the lease liability (£0.6m).

Tangible Fixed Assets
Fixed assets are stated at cost net of depreciation and provision for impairment. Depreciation is provided on a straight-line basis calculated to write down their cost over their estimated useful economic lives at the following annual rates:

Buildings - 2%
Plant and equipment - 10% - 33% (written down to a residual value of 30%)
Freehold land is not depreciated

Fixed assets held for rental to others that are routinely sold to customers are transferred to inventory at their carrying amount when they cease to be rented and become held for sale. The proceeds from the sale of such assets are recognised as revenues.

Intangible Assets
Intangible assets are stated at cost net of amortisation and provision for impairment. Amortisation is provided on a straight-line basis calculated to write down the cost over their estimated useful economic lives at the following rates:

IT Software - 10% - 33%

IFRS 16 - Leased Assets
For any new contracts entered into on or after 1 January 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company.
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract the Company has the right to direct the use of the identified asset throughout the period of use.
- the Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.
- the Company calculates the outstanding liability for existing operating leases using its incremental borrowing rate at date of transition.

Measurement and recognition of leases as a lessee
At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The lease liability is measured at an amount equal to the present value of future lease payments over the lease term, and subsequently adjusted for interest and lease payments. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, an estimate of any costs to dismantle and remove the asset at the end of the lease, payments made at or before lease commencement date, less any incentives received. The right of use asset is measured at cost less accumulated depreciation.

The Company is required to reassess the lease liability for changes in cash flows that are the result of contractual clauses that have been a part of the contract since inception. Therefore, the liability will be reassessed for changes in lease term due to extension or termination options being exercised, variable lease payments that are dependent on an index or a rate, the exercise of a purchase option and changes in amounts expected to be paid under a residual value guarantee. The Company also assesses the right-of-use asset for impairment when such indicators exist.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero. The Company has applied the recognition exemption available for short term leases (lease term of 12 months or less) and leases of low value assets; £5,000 or less. Where this exemption has been applied, lease payments are recognised as a straight-line operating expense over the lease term.

The Company has taken certain practical expedients available under the IFRS 16 Standard:
"Separation of lease components from non-lease components:
The Company has elected not to separate lease components from associated non-lease components on vehicle leases, and instead account for these as a single lease component. The service costs on leased vehicles are regarded as a non-lease component and incorporated into the fixed rental payments. "

Initial Direct costs:
Costs incurred in negotiating or securing a lease arrangement form part of the initial measurement of the right of use asset. The Company has taken a practical expedient to exclude such costs from the right of use assets recognised under IFRS 16.

Impairment of tangible and other intangible assets
The company reviews, at least annually, the carrying amounts of its tangible and intangible assets compared to the recoverable amounts to determine whether those assets have suffered an impairment loss. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

Inventories
Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items.

Research and development
Expenditure on research and development is written off in the year in which it is incurred.

Employee benefit costs
The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

For the defined contribution scheme the amount charged to the statement of comprehensive income in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Equity, reserves and dividends paid
Financial instruments issued by the Company are classified as equity, only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's ordinary shares are classified as equity. Transaction costs on the issue of shares are deducted from the share premium account arising on that issue. Dividends on the Company's ordinary shares are recognised directly in equity. Interim dividends are recognised when they are paid. A liability for unpaid dividends is recognised when the dividends have been approved in a general meeting prior to the reporting date.

Financial instruments

Financial assets
The Company's financial assets fall into the categories discussed below, with the allocation depending on the purpose for which the asset was acquired.
The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Assets held at amortised cost
These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables) and deposits held at banks but may also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue and subsequently carried at amortised cost as reduced by appropriate allowances for estimated unrecoverable amounts.
The Company records the loss allowance as lifetime expected credit losses. These are expected shortfalls in contractual cash flows, considering the potential for default at any point during the lifetime of the financial instrument. The Company uses its historical experience, external indicators and forward-looking information when measuring credit risk and expected credit losses.
The Company assesses the impairment of trade receivables on an individual basis, as they possess specific credit risk characteristics.
Assets held at amortised cost in the company includes loans issued to other group companies. They are initially recognised at fair value less transaction costs that are directly attributable and subsequently at amortised cost reduced by appropriate allowances for credit losses.
For loans with other group companies that are repayable on demand, expected credit losses are based on the assumption that repayment of the loan is demanded at the reporting date in accordance with IFRS 9.

Financial liabilities
The Company classifies its financial liabilities into categories depending on the purpose for which the liability was incurred.

Financial liabilities measured at amortised cost
These liabilities include the following items:
Trade payables, amounts due to other group companies and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost.

Cash and cash equivalents
Cash comprises of cash on hand and demand deposits, which are presented as cash at bank and in hand in the statement of financial position.

Cash equivalents comprise of short-term, highly liquid investments with maturities of three months or less from inception, that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are presented as part of current assets in the statement of financial position.

Revenue recognition
Turnover comprises amounts arising from the provision of goods and services falling within an entity's ordinary activities after deducting trade discounts, VAT and other tax based on those amounts. It is measured at the fair value of consideration received or receivable, excluding sales taxes, and reduced by any rebates and trade discounts allowed.

Revenue is derived from the provision of engineering solutions for the construction industry in the specialist field of temporary structures i.e. formwork, falsework and shoring.

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Hire services do not meet the definition of a lease under IFRS 16 as the hire contracts do not specifically identify the asset subject.
The company recognises revenue in the following manner:
· Hire Services - recognised over time, as the supply and consumption of economic benefit is concurrent. The price-per-unit for each equipment part supplied to a customer is agreed in advance and therefore the transaction price is certain.

· Sale of Equipment - recognised at a single point in time, when the performance obligation is completed.

· Other Services - are mainly recognised at a point in time when the performance obligation has been completed however this is dependent upon the nature of the individual contract/service being provided.
Payment terms are between 30-60 days for all types of sale and therefore the impact of the time value of money is minimal.

Investments
Investments are stated at cost less any applicable provision for impairment.

Foreign Currency
Transactions in foreign currency are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities nominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract exchange rate.

Taxation
Current tax, including corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement, because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arise from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transition that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is charged or credited in the statement of total comprehensive income, except when it relates to items charged or credited in the comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.
The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation, and is measured as the present value of the cash flows estimated to settle the present obligation.

SIGNIFICANT JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY ESTIMATION UNCERTAINTY

When preparing the financial statements, management make a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Estimation uncertainty
Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Useful lives of depreciable assets
Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain equipment.

Residual value
Management reviews its estimate of the residual value of depreciable assets at each reporting date, based on the value that could be achieved at sale. Uncertainties in this estimate relates to varying assets, changes in scrap values and market demands and usage whilst on hire.

IFRS 16 Leases
IFRS 16 Leases requires the Company to make certain critical judgments to determine whether or not a contract contains a lease, whether or not it is reasonably certain that a lease extension or termination option will be exercised and to identify the appropriate discount rate for use in the calculation of the present value of future lease payments. The Company's key judgements include the following:

Lease Liabilities and Right-of-use assets - extension and termination options:
In determining whether to exercise an extension or termination option the Company applies judgement based on the business requirement for the leased asset and the cost-efficiency in extending or terminating the lease. In addition, the Company considers all factors that create an economic incentive to exercise an extension option or not to exercise a termination option. The most cost effective or economically beneficial option is then taken. For example, if the Company exits commercial contracts or disposes of a highly specialist business, often the associated leased vehicles will be become 'surplus to demand'. The Company would then assess whether it is most cost effective to exercise an early termination of the lease, paying a termination fee; or to retain the vehicle at the end of the lease. The assessment is reviewed if a significant change or event occurs thereafter which warrants a reassessment.

Discount rates applied to leases:
The present value of lease payments is calculated using the Interserve Group's incremental borrowing rate (IBR) at date of initial application. In determining the IBR to be used, the Group considers the economic environment of the country in which the lease is held by applying a risk-free rate for the term corresponding to the lease term. This rate is adjusted for liquidity risk and credit risk. The Group's credit risk was determined using a S&P credit rating methodology and a synthetic credit rating was derived of B+ at January 2019 and BB at 15 March 2019. These ratings were then used to derive the associated yields on the issued debt and enabled the calculation of a credit spread being the difference between the yield on a B+ or BB rated bond and a Government bond with zero risk. The occurrence in the future of a significant economic or financial event will trigger the Group to reassess its incremental borrowing rate for new leases entered into at that time. The appropriate IBR was considered by reference to the Company's main lease categories, vehicles and plant and machinery, the weighted average of which amounted to 8.325% at the date of transition to IFRS 16.

3. TURNOVER

Segmental Analysis - Turnover by Destination

	2019 £'000	2018 £'000
United Kingdom	34,734	31,448
Rest of Europe	2,073	1,667
Middle East and Africa	430	695
Far East	117	102
Americas	195	54
Australia and New Zealand	26	101
	37,575	34,067

Total revenue, analysed by category, was as follows:	2019 £'000	2018 £'000
Hire revenue	26,547	24,150
Sales revenues	11,028	9,917
	37,575	34,067

4. EMPLOYEES AND DIRECTORS

The average monthly number of employees during the year was as follows:

	2019 No.	2018 No.
Production	92	99
Sales	46	48
Administration	170	157
	308	304

The costs incurred in respect of these employees (including Directors) were:

	£'000	£'000
Wages and Salaries	14,012	12,620
Social Security Costs	1,298	1,257
Other Pension Costs - defined benefit scheme	659	588
Share based payments	-	33
	15,969	14,498

	2019 £'000	2018 £'000
Aggregate directors' emoluments (excluding pension contributions)	434	913
Highest paid director		
Aggregate director emoluments	168	369
Pension contributions	11	8

The directors received pension benefits of £25,890 (2018: £35,900). During the year retirement benefits were accruing to 3 directors (2018: 4) in respect of defined contribution pension schemes.

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2019 £'000	2018 £'000
Group interest income	1,720	1,733

6. INTEREST PAYABLE AND SIMILAR EXPENSE

	2019 £'000	2018 £'000
Interest expense on leases	608	-

7. PROFIT BEFORE TAXATION

	2019 £'000	2018 £'000
Operating profit is arrived at after charging:		
Depreciation on tangible assets - Owned	2,725	2,131
Depreciation on tangible assets - Right of Use	1,559	-
Amortisation	12	33
Rentals under operating leases:		
Hire of plant and machinery	-	421
Other lease rentals	275	2,009
Foreign exchange losses/(gains)	(44)	87
Analysis of auditor's remuneration is as follows:		
Fees payable to the Company's auditors for the audit of the Company's annual accounts	19	19
Non-Audit Fees for the year	-	-

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8. TAXATION

Analysis of tax expense

	2019 £'000	2018 £'000
Current Tax:		
Group taxation charge	1,532	1,407
Adjustments in respect to prior periods	300	646
Group taxation	1,832	2,053
Deferred tax:		
Deferred tax - current year	(327)	(219)
Deferred tax - prior period adjustment	(152)	(424)
Total deferred tax	(479)	(643)
Total tax expense in statement of comprehensive income	1,353	1,410

Factors affecting the tax expense
The tax assessed in the year is lower than (2018: lower than) the standard rate of corporation tax in the UK. The difference is explained below:

	2019 £'000	2018 £'000
Profit before income tax	8,417	8,433
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	1,599	1,602
Effects of:		
Permanent Differences	(270)	(196)
Adjustments in respect of prior periods	148	222
Other timing differences	(124)	(218)
Tax expense	1,353	1,410

Factors affecting future tax changes
In the Spring Budget 2020, the Government announced that the previously enacted decrease in the corporate tax rate from 19% to 17% from 1 April 2020 would no longer happen, and that rates would remain at 19% for the foreseeable future.
The new law was substantively enacted by a resolution under the Provisional Collection of Taxes Act 1968 on 17 March 2020.
Current and deferred taxation has therefore been measured at the enacted tax rate of 19% (2018: 19%) in these financial statements.
There were no other factors that may affect future tax charges.

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9. INTANGIBLE FIXED ASSETS

	IT Software £'000
COST	
At 1 January 2019	4,455
Additions at cost	25
Disposals	-
At 31 December 2019	4,480
DEPRECIATION	
At 1 January 2019	4,412
Charge for the year	12
Disposals	-
At 31 December 2019	4,424
NET BOOK VALUE	
At 31 December 2019	56
NET BOOK VALUE	
At 31 December 2018	43

10. TANGIBLE FIXED ASSETS

	Land & Buildings £'000	Plant & Equipment £'000	Total £'000
COST			
At 1 January 2019	2,622	30,452	33,074
Additions at cost	215	9,212	9,427
Disposals	-	(5,317)	(5,317)
At 31 December 2019	2,837	34,347	37,184
DEPRECIATION			
At 1 January 2019	1,991	7,928	9,919
Charge for the year	123	2,602	2,725
Disposals	-	(1,702)	(1,702)
At 31 December 2019	2,114	8,828	10,942
NET BOOK VALUE			
At 31 December 2019	723	25,519	26,242
NET BOOK VALUE			
At 31 December 2018	631	22,524	23,155

The rental fleet has a significant carrying value. The great majority of equipment in the rental fleet is depreciated on a straight-line basis to a residual value of 30% of cost over 10 years. Asset lives are reviewed regularly in light of technological change, prospective utilisation and the physical condition of the assets. Due to the transportable nature of the rental fleet, the review for potential impairment is performed on the worldwide fleet (not country by country) but it is on an asset by asset basis. It is impracticable to estimate the effect on future periods, and therefore this has not been disclosed.

11. STOCKS

	2019 £'000	2018 £'000
Stocks	3,824	3,679

There is no significant difference between the replacement cost of inventory and its carrying amount. Inventories recognised in cost of sales during the year as an expense was £3,838k (2018: £3,443k).

12. DEBTORS

	2019 £'000	2018 £'000
Amounts falling due within one year:		
Trade debtors	7,223	6,310
Intra Group trade balances	11,012	5,825
Corporation tax	-	300
Deferred tax asset	61	-
Prepayments and accrued income	1,203	933
	19,499	13,368
Amounts falling due after more than one year:		
Amounts owed by group undertakings	55,169	54,792
Aggregate amounts	74,668	68,160

Interest is charged on amounts owed by group undertakings due in more than one year at rates of between 3.00% and 3.67%

Deferred Tax assets/(liabilities)	Accelerated capital allowances £'000	Other provisions £'000	Deferred tax £'000
Balance at 1 January 2019	(340)	(78)	(418)
Charge to profit and loss during the year	381	(15)	366
Effects of a change of rate to Deferred Tax	(40)	1	(39)
Adjustment in respect of prior periods	152	-	152
Balance at 31 December 2019	153	(92)	61

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £'000	2018 £'000
Trade creditors	4,682	2,685
Corporation tax	105	-
Social security and other taxes	1,568	649
Other creditors	62	50
Intra group trade balances	463	1,009
Accrued expenses	3,600	1,378
Lease Liabilities < 1 year (see note 18)	1,761	-
	12,241	5,771

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019 £'000	2018 £'000
Lease Liabilities > 1 year (see note 18)	5,395	-

15. PROVISIONS FOR LIABILITIES

Deferred Tax

See note 12.

Provisions for Right of Use assets (IFRS 16)	Right to use provision
	£'000
Balance at 1 January 2019	-
Provision for Long term Restoration Costs	(424)
Balance at 31 December 2019	(424)

As part of the Company's property leasing arrangements, there is an obligation to repair damages which incur during the life of the lease, such as wear and tear. The cost is charged to profit and loss as the obligation arises and is estimated based on the expected costs to fulfil contractual obligations from the leasing arrangements. The provision is expected to be utilised at the end of the leases, between 2023 and 2031. This is, however, dependant as to whether the end date of the underlying arrangements will be amended.

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019 £'000	2018 £'000
11,700,000	Ordinary shares	£1	11,700	11,700

17. RESERVES

Called up share capital

Represents the nominal value of shares that have been issued.

Retained earnings

Includes all current and prior period retained profits and losses.

18. LEASING

Right of Use Assets

	Land and buildings £'000	Motor Vehicles £'000	Other plant and equipment £'000	**Total £'000**
Gross carrying amount				
Balance at 31 December 2018 as previously stated	-	-	-	-
Adjustment on transition to IFRS 16	7,344	935	56	8,335
Balance at 1 January 2019	7,344	935	56	8,335
Additions	642	-	46	**688**
Disposals	-	-	-	-
Balance at 31 December 2019	**7,986**	**935**	**102**	**9,023**
Depreciation and impairment				
Balance at 1 January 2019	-	-	-	-
Depreciation charge for the year	1,222	317	20	**1,559**
Disposals	-	-	-	-
Balance at 31 December 2019	**1,222**	**317**	**20**	**1,559**
Carrying amount				
Balance at 31 December 2019	**6,764**	**618**	**82**	**7,464**

Lease Liabilities
The Company's lease portfolio consists primarily of property and vehicle assets across its business locations.

Lease liabilities include the net present value of the following lease payments:
- Fixed payments (including any in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or a rate;
- The exercise price of any purchase option if the lessee is reasonably certain to exercise that option; and
- Payment of penalties for terminating a lease early, if the lease term reflects the Company exercise that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Lease payments are discounted using the Company's incremental borrowing rate at transition. In determining the incremental borrowing rate the Company:
- used a matrix approach that begins with a country risk-free rate at differing maturities to reflect the lease term;
- rates are adjusted for liquidity risk, and country risk (based on the countries in which we operate);
- a credit risk spread is applied based on yields of comparable entities; and
- where applicable, adjustments have been made to factor in security type and currency.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security. For leases of office buildings, the Company is required to keep those properties in a good state of repair and return the properties to their original condition at the end of the lease. Further, the Company must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

The Company classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see note 10).

Lease liabilities are presented in the statement of financial position as follows:

	31 December 2019 £ '000
Current	(1,761)
Non-current (between one and five years)	(4,552)
Non-current (after five years)	(843)
	(7,156)

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities at 31 December 2019 is as follows:

	31 December 2019 £ '000
Minimum lease payments:	
Within one year	(1,761)
Between one and five years	(5,734)
After five years	(1,477)
Total minimum lease payments	**(8,972)**
Less: Future finance charges	(1,816)
Present value of lease liabilities	**(7,156)**

The Company has elected not to recognise a lease liability for short-term leases (leases of expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

The expense relating to payments not included in the measurement of the lease liability is as follows:

	31 December 2019 £ '000
Short-term leases	(253)
Leases of low value assets	(22)
	(275)

Additional information on variable lease payments is as follows:

Variable lease payments not recognised in the related lease liability are expensed as incurred and include usage payments such as excess mileage allowance on vehicles and excess use charges on plant and machinery.

The excess mileage arrangements in place with the lessor cover vehicle mileages tracking at either 10% or more of contracted under and over mileages. Vehicles tracking mileage either side of these tolerance levels are deemed to be under or over mileage and trigger either additional charges or credits as applicable.

19. CONTINGENT LIABILITIES

In March 2019, as a result of the Deleveraging Plan, RMDK Group has been allocated a total of £350 million of ring-fenced debt with non-recourse to the rest of the Interserve Group. As at 31 December 2019, the Company has given guarantees covering banking facilities made available to the parent Company and fellow subsidiary undertakings, amounting to £168,266k (2018: £168,266k).

At 31 December 2019 there were also contingent liabilities in respect of guarantees given in the ordinary course of business of £50k (2018: £50k).

20. ULTIMATE PARENT UNDERTAKING AND RELATED PARTY TRANSACTIONS

The Company's immediate parent undertaking is RMD Kwikform Holdings Limited, a company registered in England & Wales. The Company's ultimate parent company and controlling party, and parent company of the largest and smallest group which includes the Company and for which group financial statements are prepared, at the end of the reporting period was Interserve Group Limited, a company incorporated in Great Britain and registered in England & Wales. Copies of the Group financial statements of Interserve Group Limited are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ. On 15 March 2019, Interserve Plc assets and liabilities (including the investment in the Company) were transferred to Interserve Group Ltd.

The company has taken advantage of the exemption contained in FRS 101 "Reduced Disclosure Framework" not to report transactions with other wholly owned Group companies.

21. PENSIONS

The amount recognised in the profit and loss account is equal to the contributions payable to the schemes during the year.

22. POST BALANCE SHEET EVENTS

Covid-19 pandemic

On 30 January 2020 the World Health Organisation declared the outbreak of coronavirus (COVID-19) a pandemic resulting in the governments of many countries, states and cities taking preventative and protective actions such as imposing restrictions on travel and business operations and advising or requiring individuals to stay at home or quarantine in cases where people have been exposed to the virus.

RMDK Group and the wider Interserve Group, have implemented business continuity plans with only key front-line staff working in its offices and yard and as far as possible the remainder of its staff working from home which has meant that there has been limited impact on service delivery and operations.

The RMDK Group has undertaken a detailed review of the potential impacts of COVID-19 and continues to monitor future developments closely. At the date of this report the impact of COVID-19 has predominantly been short-term reductions in revenue as a result of customer site closures, delays to the commissioning of project work, both in the public and private sector. Which has been offset to the degree possible by cost management in the business.

The Company has concluded that the coronavirus pandemic is a non-adjusting post balance sheet event in accordance with the guidance set out in IAS 10 - Events After the Reporting date, as the significant changes in business activities and economic conditions occurred as a result of events arising after the 31 December 2019 reporting date.

Cyber attack
At the end of November 2020, the RMDK Group, which had not been affected by the May 2020 cyber-attack on the Interserve Group, was subject to a separate but much more limited attack which caused some disruption to their normal operations. The Group's Crisis Response was swiftly implemented, and the impact contained. RMDK's investigation of the cyber-attack is ongoing and it has complied with its notification obligations under applicable data privacy law including to the ICO. It is too early at this stage to say what if any action may be taken by the ICO.