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Company Registration No. 02874877

FK FACADES LIMITED

Annual Report and Financial Statements

For the year ended 31 March 2019

ANNUAL REPORT AND FINANCIAL STATEMENTS 2019

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

F. Keenan	Chairman
F.A. Keenan	CEO
S.W. Hall	
P.G. Bentley	
M. Barker	Appointed 21st December 2018

PREVIOUS DIRECTORS

P.M. Norris	Resigned 21st December 2018

SECRETARY

M.J. Brown

REGISTERED OFFICE

Keenan House
22-26 Stockport Road
Altrincham
Cheshire
WA15 8EX

SOLICITORS

Kuit Steinart Levy LLP
3 St. Mary's Parsonage
Manchester
M3 2RD

BANKERS

HSBC Bank plc
Manchester Commercial Centre
2nd Floor
4 Hardman Square
Spinningfields
Manchester
M3 3EB

AUDITOR

Deloitte LLP
Statutory Auditor
2 Hardman Street
M3 3HF
Manchester
United Kingdom

STRATEGIC REPORT

The directors present their strategic report on the affairs of the Company together with the directors' report, financial statements and auditor's report for the year ended 31 March 2019.

The directors, in preparing this strategic report, have complied with s414c of the Companies Act 2006.

STRATEGIC REVIEW AND PRINCIPAL ACTIVITIES

The Company's principal activity is the provision of building envelope solutions in the UK. During the year the Company consolidated its position in the provision of facades, including glazing, in the keys markets of commercial and residential. The directors are not aware, at the date of this report, of any likely changes to the Company's activities in the forthcoming year.

BUSINESS REVIEW

The business uses a number of key performance indicators in assessing and driving performance, as shown below:

	2019	2018
Gross profit margin	16.9%	22.3%
Operating profit margin	3.3%	2.0%
Liquidity (current ratio)	1.63	1.52

The business enjoyed strong performance in its core market of the design to installation of building facades. Turnover has increased by 29.3% as a number of the contracts that were in the design phase at 31 March 2018 have moved to on site operations. The higher profit margins recognised in the design phases of the contracts versus the construction phases have resulted in a reduction of recognised margin in the year. Overall contract margins continue to be stable and realisable.

The Company has performed a strategic review of its overhead which has resulted in an increase in operating profit margin of 1.3%. The Company monitors overhead on a regular basis to ensure its continuing efficiency.

An increase in the liquidity ratio has resulted from the Company's continuing focus on working capital and profit management.

The Company has a full order book for the year to 31st March 2020 with excellent visibility into the following year.

The balance sheet on page 11 shows, in the opinion of the directors, a strong financial position at the year-end demonstrating the solid financial position of the Company.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company operates in a competitive market. The Company manages this risk by providing value-added services to its customers, responding rapidly to their requests, and finishing all jobs to a high standard of quality. This ensures that the Company achieves a very high level of repeat business, with transparency of pipeline and allows us to continue our strategy of stable and sustainable growth.

The impending withdrawal of the UK from the European Union and the economic uncertainty surrounding this may lead to a decline in the UK construction industry. As the Company operates in a number of different areas within the construction industry including residential, commercial, student and educational sectors therefore spreading the risk. The Company has also engaged with its supply chain to ensure continuation of supply should there be a no deal Brexit.

The Company has a healthy secured order book, and with continuing strong relationships with our principal customers, and increased scope of activities to include complete building envelope solutions, will go a long way towards our Company continuing to trade successfully and gain more opportunities in broader market sectors.

REVIEW OF DEVELOPMENTS

With a strong forward order book and strong and long standing relationships with customers and developers, the directors believe that the Company can continue its strategy of sustainable growth in the next financial year.

STRATEGIC REPORT

The Company has also been rewarded for its ability to handle a variety of projects in receiving the RoSPA Gold Medal for Occupational Health and Safety. This is recognition of outstanding health and safety performance and has been awarded for 8 consecutive years of Gold Medal Awards.

FUTURE DEVELOPMENTS

The directors expect the general level of activity to be increased for the forthcoming year. There are a large number of opportunities with our key clients reflecting their confidence in our ability to deliver full envelope solutions.

The Company continues to develop and invest in innovation in order to give the best product and supply offering to its clients.

Approved by the Board of Directors and signed on their behalf on 17 December 2019 by:

F. Keenan
Director

DIRECTORS' REPORT

The directors present their directors' report on the affairs of the Company for the year ended 31 March 2019.

DIRECTORS

The directors of the Company, who held office during the year and to the date of this report, were as follows:

F. Keenan
F.A. Keenan
S.W. Hall
P.G. Bentley
M. Barker Appointed 21 December 2018

PREVIOUS DIRECTORS

P.M. Norris Resigned 21 December 2018

CHARITABLE DONATIONS

The Company contributed £68,887 (2018 – £51,221) to charities during the year. There were £nil political contributions (2018 - £nil).

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a number of financial risks including price risk, credit risk, and liquidity risk.

Price risk
The Company is exposed to fluctuations in raw material prices such as steel, aluminium and glass. Management maintain excellent relationships with supply chain to ensure that prices are fixed where possible and that we are purchasing materials at the best possible price.

Credit risk
The Company is exposed to credit risk in relation to amounts owed on long terms contracts. It mitigates this risk by having credit insurance in place and monitoring the financial health of all of its clients.

Liquidity risk
The Company monitors working capital requirements through cash flow forecasting to ensure that sufficient headroom is available in its banking facilities to meet its obligations.

FUTURE DEVELOPMENTS

Details of future developments can be found in the strategic report.

EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the year end, the Group banking facility has been renewed until 31 July 2020.

GOING CONCERN

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from approval of the financial statements. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements. The directors do not anticipate any material changes in the Company's activities in the ensuing year.

Further details regarding the adoption of the going concern basis can be found in the accounting policies note to the financial statements.

DIVIDENDS

The directors did not recommend the payment of a dividend for either the current year or preceding year.

AUDITOR

Each person who is a director of the Company at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and

DIRECTORS' REPORT (continued)

AUDITOR (Continued)

- the 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 auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP has expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting pursuant to S487 of the Companies Act 2006.

Approved by the Board of Directors and signed on their behalf on 17 December 2019 by:

F. Keenan
Director

DIRECTORS' RESPONSIBILITIES STATEMENT

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 law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions with reasonable accuracy at any time the financial position of the Company and to 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FK FACADES LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of FK Facades Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31st March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 17.

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

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 Financial Reporting Council's (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.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report , other than 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FK FACADES LIMITED (continued)

Other information (continued)

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 respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FK FACADES LIMITED (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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.

S. Wadsworth

Saul Wadsworth BA FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Manchester, United Kingdom
18 December 2019

PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2019

	Note	2019 £	2018 £
TURNOVER	3	40,081,429	30,895,753
Cost of sales		(33,318,995)	(24,018,077)
GROSS PROFIT		6,762,434	6,877,676
Administrative expenses		(5,432,102)	(6,250,624)
OPERATING PROFIT	5	1,330,332	627,052
Net finance costs	7	(368,643)	(66,313)
PROFIT BEFORE TAX		961,689	560,739
Tax on profit	8	(198,261)	(148,945)
PROFIT FOR THE YEAR		763,428	411,794

All results relate to continuing activities.

The notes on pages 13 to 22 form an integral part of the financial statements.

There are no other gains or losses except those disclosed above and hence no statement of comprehensive income has been prepared.

BALANCE SHEET
As at 31 March 2019

	Note	2019 £	2018 £
FIXED ASSETS			
Investments	9	98	98
Tangible assets	10	666,287	922,749
		666,385	922,847
CURRENT ASSETS			
Debtors	11	31,076,617	24,764,607
Cash at bank and in hand		506,519	-
		31,583,136	24,764,607
CREDITORS: Amounts falling due within one year	12	(19,354,914)	(16,286,674)
NET CURRENT ASSETS		12,228,222	8,477,933
TOTAL ASSETS LESS CURRENT LIABILITIES		12,894,607	9,400,780
CREDITORS: Amounts falling due after more than one year	13	(2,849,333)	(102,646)
PROVISIONS FOR LIABILITIES	14	(9,393)	(25,681)
NET ASSETS		10,035,881	9,272,453
CAPITAL AND RESERVES			
Called-up share capital	15	5,000	5,000
Profit and loss account		10,030,881	9,267,453
SHAREHOLDER'S FUNDS		10,035,881	9,272,453

The notes on pages 13 to 22 form an integral part of the financial statements.

These financial statements of FK Facades Limited, registered number 02874877, were approved by the Board of Directors and signed on behalf of the Board of Directors on 17 December 2019.

F. Keenan
Director

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2019

	Called up share capital £	Profit and loss account £	Total £
At 1 April 2017	5,000	8,855,659	8,860,659
Profit and total comprehensive income for the financial year	-	411,794	411,794
At 31 March 2018	5,000	9,267,453	9,272,453
Profit and total comprehensive income for the financial year	-	763,428	763,428
At 31 March 2019	5,000	10,030,881	10,035,881

The notes on pages 13 to 22 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

1. ACCOUNTING POLICIES

FK Facades Limited (the Company) is a private Company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on page 2.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and the requirements of the Companies Act 2006.

The functional currency of FK Facades Limited is considered to be Pounds Sterling because that is the currency of the primary economic environment in which the Company operates.

FK Facades Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. FK Facades Limited is consolidated in the financial statements of its parent, FK Group Limited, which may be obtained from the Company's registered address. Exemptions have been taken in these separate Company financial statements in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and preceding year.

Going concern

The strategic report describes the financial performance and position of the Company. The Company is a subsidiary within the FK Group Limited group which manages its working capital on a pooled basis and has a shared overdraft facility. In considering the going concern position of FK Facades Limited, the directors are cognisant of the following going concern disclosure that appears in the financial statements of FK Group Limited for the year ended 31 March 2019.

"The strategic report describes the financial performance and position of the group. The group is reliant on the profitability and cash generation of its trading subsidiaries; FK Facades Limited, FK Construction Limited and FK Projects Limited.

The group manages its day-to-day working capital requirements with banking facilities with HSBC Bank plc. Since the Balance Sheet date, the group has renewed its shared overdraft facility with its direct subsidiaries; FK Facades Limited, FK Construction Limited and FK Projects Limited. This is due for renewal on 31st July 2020. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group will be able to operate within the level of its current facility and demonstrate sufficient headroom on existing banking covenants. Since the Balance Sheet date, the group has renewed its shared overdraft facility with its direct subsidiaries: FK Facades Limited, FK Construction Limited and FK Projects Limited. This is due for renewal on 31 July 2020".

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less residual value in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Fixtures, fittings, plant and equipment	20% per annum
Motor vehicles	25% per annum
Leasehold improvements	Over the period of lease

Work-in-progress

Work-in-progress is stated at cost less provision for any known or anticipated losses and progress payments receivable on account. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019 (continued)

1. ACCOUNTING POLICIES (continued)

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. This is normally measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

(c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

(d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

(e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019 (continued)

1. ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Investments

Investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

(iii) Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

(iv) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Leases

Operating lease rentals are charged to income in equal annual amounts over the lease term, even where the payments are not made on such a basis.

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, whilst the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except the assets are depreciated over their useful lives.

Pension costs

Contributions to the defined contribution schemes are charged to the profit and loss account in the year in which they become payable.

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of the revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019 (continued)

1. ACCOUNTING POLICIES (continued)

Taxation

Current tax, including UK corporation tax and foreign 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.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

Management does not deem there to be any critical judgements in applying the Company's accounting policies.

Key source of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Contract stage of completion and end forecast position

For contracts where work spans the year end, a estimation is made on the stage of completion of each contract (note 11). This estimate is made based on the value of work completed to date as a proportion of the end forecast contract value. Where the outcome of the contract is seen as reasonably certain, the profit attributable to this stage of completion is reflected. Each contract is monitored and reported on by a qualified quantity surveyor, who updates the contract forecast position on a monthly basis. These forecasts are reviewed by the senior management, with movements reviewed at Board level each month.

3. TURNOVER

Turnover represents the value of work done for third parties during the year, net of value added tax. The amount of profit attributable to the stage of completion of a contract is recognised when the outcome of the contract can be seen with reasonable certainty by including in the profit and loss account turnover and related costs as contract activity progresses. Provision is made immediately for any losses which are foreseen. Turnover is calculated by reference to the value of work performed to date as a proportion of total contract value. Turnover arose wholly in the United Kingdom from the Company's principal activity. The total amount of £40,381,429 (2018: £30,895,753) is all in relation to construction contracts.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019 (continued)

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2019	2018
	£	£
Directors' emoluments		
Emoluments (including benefit in kind)	1,663,897	1,540,816
Company contribution to money purchase scheme	17,471	8,750
	1,681,368	1,549,566

	2019	2018
	No.	No.
Pensions		
The number of directors who were members of pension schemes was as follows:		
Money purchase schemes	3	2

	2019	2018
	£	£
Remuneration of the highest paid director		
Emoluments	1,038,946	1,176,039

	2019	2018
	No.	No.
Average monthly number of persons employed (including directors)		
Office and management	105	94

	2019	2018
	£	£
Staff costs during the year (including directors)		
Wages and salaries	5,498,531	4,886,360
Social security costs	689,623	617,043
Pension costs	250,319	142,970
	6,438,473	5,646,373

5. OPERATING PROFIT

	2019	2018
	£	£
Operating profit is stated after charging/(crediting):		
Depreciation - owned assets	394,436	415,172
Depreciation – leased assets	22,466	60,268
Profit on disposal of fixed assets	(29,630)	(10,291)
Hire of plant and machinery	1,504,540	1,166,052
Auditor's remuneration:		
- for the audit of the Company's financial statements	40,500	12,000
- taxation compliance services	10,150	12,000
- other taxation advisory services	5,000	5,000
Operating lease rentals - land & building	303,808	304,618
Operating lease rentals - vehicles and equipment	429,600	193,406

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019 (continued)

6. AUDITOR'S REMUNERATION

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual accounts were £40,500 (2018 - £12,000).

Fees payable to Deloitte LLP and their associates for non-audit services to the Company are disclosed in note 5.

7. NET FINANCE COSTS

	2019	2018
	£	£
Bank overdraft	344,288	78,821
Interest on hire purchase and finance leases	24,355	7,297
Other interest receivable	-	(19,805)
	368,643	66,313

8. TAX ON PROFIT

The taxation charge comprises:	2019	2018
	£	£
Current tax		
United Kingdom corporation tax	214,549	168,645
Total current tax	214,549	168,645
Deferred tax		
Origination and reversal of timing differences	(16,288)	(22,018)
Effect of change in tax rate	-	2,318
Total deferred tax (note 14)	(16,288)	(19,700)
Total tax on profit	198,261	148,945

There are no expiry dates to any of the timing differences or unused tax credits.

The difference between the total tax shown above and the amount calculated by applying the effective rate of UK corporation tax to the Company's profit before tax is as follows:

	2019	2018
	£	£
Profit before tax	961,689	560,739
Profit at basic UK corporation tax rate of 19% (2018: 19%)	182,721	106,540
Effects of:		
Expenses not deductible for tax purposes	86,970	48,063
Effect of change in tax rate	-	2,318
Credit to tax charge in respect of previous periods	(71,430)	(7,976)
Total current tax charge for year	198,261	148,945

8. TAX ON PROFIT (continued)

Factors that may affect future current and deferred tax charges

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019 (continued)

Finance Act 2016 (No.2), which was substantively enacted in September 2016, included the reduction of the rate of corporation tax from 20% to 19% with effect from 1 April 2017, and the further provision to reduce the rate of corporation tax to 17% with effect from 1 April 2020.

9. FIXED ASSET INVESTMENTS

	2019 £	2018 £
Subsidiary undertakings	98	98

Investments

The Company has investments in the following subsidiary undertakings, associates and other significant investments.

Subsidiary undertakings	Country of incorporation	Principal activity	Holding	%
FK Construction LLC	U.A.E	Building Envelope Solutions	Ordinary Shares	49%

Although FK Facades Limited owns 49 per cent of the ordinary share capital of FK Construction LLC (Registered Address: Office 81K, Level 29, Marina Plaza, Dubai, PO Box 112229), it has been treated as a subsidiary undertaking because the Company controls this investment, directing its financial and operating policies so as to obtain benefits from its activities.

Subsidiary undertakings have not been consolidated by FK Facades Limited as permitted by s.400 of the Companies Act 2006 as they are consolidated in the financial statements of FK Group Limited.

10. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Fixtures, fittings, plant and equipment £	Motor vehicles £	Total £
Cost				
At 1 April 2018	66,027	2,848,621	302,663	3,217,311
Additions	-	180,500	40,711	221,211
Disposals	(66,027)	(854,128)	(143,302)	(1,063,457)
At 31 March 2019	-	2,174,993	200,072	2,375,065
Accumulated depreciation				
At 1 April 2018	66,027	2,024,587	203,948	2,294,562
Charge for the year		394,436	22,466	416,902
Disposals	(66,027)	(854,128)	(82,531)	(1,002,686)
At 31 March 2019	-	1,564,895	143,883	1,708,778
Net book value				
At 31 March 2018	-	824,034	98,715	922,749
At 31 March 2019	-	610,098	56,189	666,287

10. TANGIBLE FIXED ASSETS (continued)

Included in the above are motor vehicles held under finance leases with a net book value of £48,681 (2018 – £98,715).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019 (continued)

11. DEBTORS

	2019 £	2018 £
Trade debtors	5,924,993	5,601,928
Amounts receivable on contracts	13,642,557	5,425,833
Amount due from parent Company	10,749,099	10,503,444
Amount due from subsidiary undertaking	-	452,521
Directors' loans (Note 17)	-	723,157
Current corporation tax	-	724,337
Other debtors	439,152	559,343
Prepayments and accrued income	320,816	774,044
	31,076,617	24,764,607

All amounts are due within one year. The amount due from a parent Company and a subsidiary undertaking is repayable on demand, unsecured and has no interest rates.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Bank overdraft	-	2,748,716
Bank Loan	560,000	-
Trade creditors	11,085,308	7,336,520
Amounts due to related party undertakings	6,604,089	5,714,973
Obligations under finance leases (secured)	18,290	35,618
Current corporation tax	285,981	-
Other taxes and social security	388,282	315,997
Other creditors	89,384	134,850
Accruals and deferred income	323,580	-
	19,354,914	16,286,674

The overdraft and bank loan are secured by way of a debenture comprising fixed and floating charge over all the assets and undertakings of the Company and its parent Company, FK Group Limited. The amounts owed to related party undertakings are repayable on demand, unsecured and have no interest rates.

Obligations under finance leases are secured on the assets to which they relate.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019 (continued)

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

	2019 £	2018 £
Obligations under finance leases (secured)	59,333	102,646
Bank Loan	2,790,000	-
	2,849,333	102,646

Obligations under finance leases are secured on the assets they relate to.

Borrowings (excluding finance leases) are repayable as follows:

	2019 £	2018 £
Minimum payments under bank loans		
Between one and two years	960,000	-
Between two and five years	1,830,000	-
	2,790,000	-
On demand and in less than one year	560,000	-
	3,350,000	-

Finance leases are repayable as follows:

	2019 £	2018 £
Minimum lease payments under finance leases		
Between one and two years	22,723	43,068
Between two and five years	36,610	59,578
	59,333	102,646
On demand and in less than one year	18,290	35,618
	77,623	138,264

14. PROVISIONS FOR LIABILITIES

Deferred taxation

	£
Balance at 1 April 2018	(25,681)
Movement in the year (note 8)	16,288
Balance at 31 March 2019	(9,393)

The amounts provided in the financial statements and the amounts not provided are as follows:

	Provided 2019 £	Provided 2018 £	Not Provided 2019 £	Not Provided 2018 £
Fixed assets timing differences – (liability)	(9,393)	(25,681)	-	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019 (continued)

15. CALLED-UP SHARE CAPITAL

	2019	2018
	£	£
Called-up, allotted and fully paid		
5,000 ordinary shares of £1 each	5,000	5,000

The Group and Company's other reserves are as follows:

The Profit and Loss Account represents cumulative profits or losses, net of dividends paid and other adjustments.

16. FINANCIAL COMMITMENTS

Lease commitments

The Company leases certain land and buildings on operating leases. The rental on these leases in the year was £303,808 (2018 - £304,618). The Company pays for all insurance, internal maintenance and internal repairs of these properties. The Company also leases certain vehicles and office equipment on short term operating leases.

At 31 March 2019 total future minimum lease payments under non-cancellable leases are as follows:

	2019		2018	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Expiring within one year	186,943	307,057	45,000	61,968
Expiring between one and five years	747,771	351,702	289,755	344,794
After five years	-	-	-	-

17. RELATED PARTY TRANSACTIONS AND ULTIMATE CONTROLLING PARTY

During the year the Company paid rent to Keenan Developments Limited, a related party, in the sum of £11,750 (2018 - £13,500). F. Keenan is also a director of Keenan Developments Limited.

The unsecured loan of £723,157 made to F.A Keenan, a director of the Company was repaid in full in May 2018 The loan was interest free and the maximum balance during the year was £723,157. The total outstanding at 31 March 2019 was £nil (2018: £723,157).

The largest and smallest group in which the results of the Company are consolidated is that headed by FK Group Limited, a Company incorporated in England and Wales. This is also the immediate parent. The consolidated financial statements of this Company are available to the public and may be obtained from the Company's registered address (Keenan House, 22-26 Stockport Road, Altrincham, Manchester, WA15 8EX).

In the opinion of the directors, there is no ultimate controlling party.

All group undertakings, FK Group Limited, FK Facades Limited, FK Projects Limited and FK Construction Limited have provided cross-guarantees in respect of the group overdraft facility. At 31 March 2019 this amounted to a consolidated position of £nil (2018: £5,183,230).

The Company is a wholly-owned subsidiary of FK Group Limited and has taken advantage of the exemption conferred by FRS 102 'Related party disclosures' not to disclose transactions with FK Group Limited or other wholly-owned subsidiaries within the group.