

Registered number: 02954707

G K R SCAFFOLDING LIMITED
DIRECTORS' REPORT AND FINANCIAL
STATEMENTS
FOR THE YEAR ENDED
31 OCTOBER 2021



G K R SCAFFOLDING LIMITED

COMPANY INFORMATION

Directors	G Rowswell (resigned 9 June 2022) L Rowswell N Rowswell
Registered number	02954707
Registered office	200 Tower Bridge Road London SE1 2UN
Independent auditors	Creaseys Group Limited Accountants and Statutory Auditors Brockbourne House 77 Mount Ephraim Tunbridge Wells Kent TN4 8BS
Accountants	Thain Osborne & Co Chartered Accountants 94a High Street Sevenoaks Kent TN13 1LP

G K R SCAFFOLDING LIMITED

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G K R SCAFFOLDING LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 OCTOBER 2021

Introduction

The directors present their strategic report and the financial statements for the year ended 31 October 2021.

Business review

In the year ended 31st October 2021, sales increased by 1%, which was an improvement on what had been predicted and is considered to be a sustainable basis. The year saw a rise in labour and distribution costs and the continuing disruption caused by the coronavirus. Gross profit margins reduced slightly and the company made a profit after tax of £1,263,886 (2020 - £2,498,972). The balance sheet remains strong with £20.3m of net assets and £4,524,996 of cash at bank. The directors are satisfied with the results.

The revenue target for this financial year was maintained despite ongoing uncertainty in the market. Construction output saw a significant decline in 2020, and although it indicated an increase by the end of our financial reporting period, it did mean that we were operating within a volatile market for the 2020/2021 financial year.

Although the pipeline of work has been strong, it has been an unpredictable year with secured projects starting late and live project being delayed, committing labour and materials for longer than forecasted.

Purchase of new materials has been subject to significant price increases after the industry overcame most supply issues earlier in the year. With price volatility, especially for steel, expected to continue throughout the next reporting period, the business has put enhanced planning in place to optimise use of our own materials supply.

Supply of appropriately skilled labour has been an additional issue despite the business being directly unimpacted by Brexit. However, the supply in the market overall has inevitably been reduced, alongside the increase in the number of businesses hiring for high paid, short term contracts in the region, making the labour market more competitive.

COVID-19 Response

As the reporting period started, the industry was operating at almost full capacity, and GKR was only using the furlough scheme for those still required to shield.

GKR continued to operate under the Construction Site Operating Procedures, and was working with industry body, Build UK, to support and contribute to industry guidance.

The business was registered with the Government Workplace Collect Scheme to allow employees to easily access testing, and GKR introduced a testing policy to compliment the Management of COVID19 Policy already in place.

Employees were offered assistance in managing pay over isolation periods to ensure that those isolating for any reason were financially supported and encouraged to isolate.

Our Infection Response Plan meant that the business could quickly respond to cases, isolate close contacts and therefore minimise the disruption caused to business operations and the impact on employee health.

G K R SCAFFOLDING LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2021

Sustainability & Environment

GKR Scaffolding Ltd are committed to minimising their impact on the environment through continual investment in their Sustainability Programme. To further enhance this, GKR have partnered with EQUANS to develop a Zero Carbon Roadmap for their operations. GKR Scaffolding have a proven track record in sustainability, listed below are examples of the activities the company has undertaken recently: Purchased 100% green electricity through Renewable Energy Guarantees of Origin (REGO).

- HVO fuel introduction: Converting from diesel to a low carbon alternative. This was undertaken in June 2021 in which has resulted in a 38% reduction in company fleet emissions compared to the 2020 SECR reporting year.
- Certification of Carbon Neutrality in June 2021
- ISO 50001: internationally recognised standard that provides a practical way to improve energy efficiency through the development of an energy management system (EnMs).
- Procurement of lower thickness steel scaffold tubes (~18% lighter) therefore contributing to significant Scope 3 emission savings. Furthermore GKR have procured re-used steel tubes, helping to eliminate emissions related to extraction of additional raw materials.
- The business is looking at the environmental impact of all its resources and supply chain activities which has included trialling of recycled workwear and recyclable sheeting, and management of waste.

Risk Management

Resource Management

The market continues to face a level of volatility due to the impact of the pandemic and Brexit on investor confidence and both the supply and cost of labour and materials.

Improvements in both forecasting and operational planning will enable the business to optimise use of existing assets to minimise purchase of new materials during peak price increases.

Additionally, as the business directly employs the majority of its workforce, a clear retention strategy is in place to reduce churn and maintain the skill levels required within the business. This enables GKR to provide high quality supervision and consistent teams for projects.

GKR has improved its in-house training provision under the GKR Academy and doubled the number of apprentices as its commitment to addressing the skills crisis.

Commercial risk

There is a commercial risk of non-payment of work and disputes arising from delays. However, GKR mainly work with Tier 1 contractors and have established good relationships with client commercial teams.

GKR's IMS System ensures that checks are carried out on all new clients including assessing credit risk and credit limits and a selective tendering process to filter out projects of higher commercial risk.

G K R SCAFFOLDING LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2021

Health & Safety Risk

Health and Safety is a significant risk to the business with both a commercial and reputational impact. GKR's strong safety record is a distinguishing factor when clients choose to work with GKR, and increasingly the investment in mental health and general wellbeing support is being valued.

All staff have industry recognised qualifications and are trained to be safe and competent in their role. They are also trained above industry standard through in-house training programmes within the GKR Academy which includes Risk Aversion Training in Virtual Reality.

GKR has also renewed its Professional Indemnity insurance at a value required by contractors.

Principal risks and uncertainties

Commercial and financial risks:

The market faces a level of volatility due to the impact of the pandemic and Brexit on investor confidence, and project start dates being delayed.

There is a commercial risk of non-payment of work and disputes arising from delays. However, GKR only work with Tier 1 contractors and have established good relationships with client commercial teams.

Thorough checks are carried out on all new clients including assessing credit risk and credit limits. GKR have a selective tendering process to filter our projects of higher commercial risk.

Health and Safety is a significant risk to the business with both a commercial and reputational impact. GKR's strong safety record is a distinguishing factor when clients choose to work with GKR, and increasingly the investment in mental health and general wellbeing support is being valued.

All staff have industry recognised qualifications and are trained to be safe and competent in their role. They are also trained above industry standard through in-house training programmes within the GKR Academy which includes Risk Aversion Training in Virtual Reality.

GKR has also renewed its Professional Indemnity Insurance at a value required by contractors.

Financial key performance indicators

Key performance indicators for the Company are turnover and gross margins which are regularly reported on and reviewed.

	2021	2020
	£	£
Turnover	26,055,013	25,748,376
Gross profit margin	38.1%	38.4%

G K R SCAFFOLDING LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2021

Future developments

During the Pandemic, the construction Leadership Council published their Roadmap to Recovery to guide the industry back to pre-pandemic levels of productivity over the next 2 years.

GKR has responded to this by reshaping the business strategy around Catalyst for Change workstreams which will see the business invest in six key areas to drive business improvement. These are:

- Digital transformation
- Skills, training and succession planning
- Sustainability and Net Zero Carbon
- Occupational health, wellbeing and safety
- Productivity and lean management

Directors' statement of compliance with duty to promote the success of the Company

The directors, in line with their duties under Section 172 of the Companies Act 2006, act individually and collectively in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard to the stakeholders and amongst other matters; the:

- likely consequences of any decisions in the long-term;
- interests of the Company's employees;
- need to foster the Company's business relationships with suppliers, customers and others;
- impact of the Company's operations on the community and environment;
- desirability of the Company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the Company.

The Company's business strategy is focussed on achieving success for the Company in the long term. This strategy considers the impact of relevant factors and stakeholder interests. The directors promote a culture of upholding the highest standards of conduct and ensures its core values are communicated to its employees and are embedded in its policies and procedures.

The directors recognise that building strong long-term relationships with its stakeholders will help deliver its strategy. The directors consider the core stakeholders to be its employees, customers, suppliers and the local communities in which it operates.


Protecting the health, safety and wellbeing of its employees and everyone who comes into contact with the business is the main priority. Furthermore, the directors are committed to a diverse and inclusive working environment and ensuring all employees have the necessary skills and training required to carry out their roles and to develop.

The Company aims to develop long term mutually beneficial relationships with its customers. The Company engages with its customers on a continuous basis which allows it to better understand their needs thus ensuring its long-term success.

The suppliers and subcontractors are integral to its operations and the Company aims to be fair in their dealings with them and to make payment within agreed terms.

G K R SCAFFOLDING LIMITED
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2021

This report was approved by the board and signed on its behalf.


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L Rowsell
Director

Date: 21.7.22.

G K R SCAFFOLDING LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 OCTOBER 2021

The directors present their report and the financial statements for the year ended 31 October 2021.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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.

Results and dividends

The profit for the year, after taxation, amounted to £1,263,886 (2020 - £2,498,972).

A dividend of £1,763,815 (2020 - £1,312,277) has been paid in the year.

Directors

The directors who served during the year were:

G Rowsell (resigned 9 June 2022)
L Rowsell
N Rowsell

G K R SCAFFOLDING LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2021

Engagement with employees

Clear and frequent communication has engaged employees during an unprecedented period of uncertainty.

During furlough, staff received regular email updates on the status of their site or office reopening, the latest Government guidance, and support for mental health, wellbeing and personal finances.

At work, staff are regularly kept up to date with Toolbox Talks which are used to share updates on guidance for working safely and other information that impacts their work.

COVID updates are circulated at least weekly, and Leadership Team Communications visits to sites are used to inform, get feedback and answer questions directly from staff.

In typical years, bi-annual Strategy Update meetings are used for the Directors to update the whole company on business developments. These have now moved online.

The GKR Integrated Management System is also used for sharing general company information.

Statement of business relationships:

The Company has strong existing relationship with Tier 1 contractors in London and the South East. The strength of these relationships enables GKR to engage at pre-tender stage for key projects in the pipeline.

Account management processes ensure that processes and conversion rates are reviewed, and the engagement plan is adapted accordingly.

Based on market and internal analysis, GKR has grown a number of new key client relationships in new sectors in order to broaden the revenue base.

GKR is also an active member of Build UK, working alongside clients to address industry change initiatives and represent the specialists in the supply chain.

Greenhouse gas emissions, energy consumption and energy efficiency action

The Company met Streamlined Energy and Carbon Reporting (SECR) qualification criteria in the UK. As a subsidiary company, the Company has not disclosed information in respect of greenhouse gas emissions, energy consumption and energy efficiency action as its energy consumption in the United Kingdom in these financial statements as these obligations are already met through the parent company's group level report.

This information is included in the consolidated financial statements of G K R Logistics Limited as at 31 October 2021 and these financial statements may be obtained from Companies House.

G K R SCAFFOLDING LIMITED
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2021

Disclosure of information to auditors


Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

This report was approved by the board and signed on its behalf.



L Rowswell
Director

Date: 21.7.22

G K R SCAFFOLDING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF G K R SCAFFOLDING LIMITED

Opinion

We have audited the financial statements of G K R Scaffolding Limited (the 'Company') for the year ended 31 October 2021, which comprise the Statement of income and retained earnings, the Balance sheet and the related notes, 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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- give a true and fair view of the state of the Company's affairs as at 31 October 2021 and of its 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

G K R SCAFFOLDING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF G K R SCAFFOLDING LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinion 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.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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.

G K R SCAFFOLDING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF G K R SCAFFOLDING LIMITED (CONTINUED)

Auditors' 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 Auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included, but were not limited to, compliance with FRS102 (UK GAAP), the Companies Act 2006 and relevant UK taxation laws. We discussed amongst the audit engagement team the identified laws and regulations, and remained alert to any indications of non-compliance.

We understood how the Company is complying with those legal and regulatory frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of Board minutes and supporting papers. We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included, but were not limited to:

- identifying and reviewing the controls in place to prevent and detect fraud;
- enquiries of management as to whether they have knowledge of any actual, suspected or alleged fraud;
- discussion amongst the engagement team regarding the risk of fraud, such as opportunities and incentives for fraudulent manipulation of the financial statements;
- understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
- challenging assumptions and judgements made by management in its significant accounting estimates and revenue recognition policy;
- identifying and testing journal entries, with a focus on manual journals and journals which indicated large or unusual transactions (based on our understanding of the business), and any journal entries posted with unusual timestamps; and
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the financial statement item.

The primary responsibility for the prevention and detection of irregularities, including fraud, rests with both those charged with governance and management. As with any audit, there remained a higher risk of nondetection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. There are inherent limitations in the audit procedures described above, and the more removed from the financial transactions, the less likely it is that we would become aware of non-compliance with laws and regulations. We are not responsible for prevention of non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

We did not identify any irregularities, including fraud, leading to a material misstatement.

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 Auditors' report.

G K R SCAFFOLDING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF G K R SCAFFOLDING LIMITED (CONTINUED)

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 Auditors' 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.

Creaseys Group Limited

James Pearce BA (Hons) FCA (Senior statutory auditor)

for and on behalf of

Creaseys Group Limited

Accountants and Statutory Auditors

Brockbourne House

77 Mount Ephraim

Tunbridge Wells

Kent

TN4 8BS

Date: 25 July 2022

G K R SCAFFOLDING LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 OCTOBER 2021

	Note	2021 £	2020 £
Turnover	4	26,055,103	25,748,376
Cost of sales		(16,124,391)	(15,865,210)
Gross profit		<u>9,930,712</u>	<u>9,883,166</u>
Distribution costs		(636,603)	(503,310)
Administrative expenses		(8,039,509)	(7,544,403)
Other operating income	5	57,582	1,171,143
Operating profit	6	<u>1,312,182</u>	<u>3,006,596</u>
Interest receivable and similar income	9	66,518	63,879
Profit before tax		<u>1,378,700</u>	<u>3,070,475</u>
Tax on profit	10	(114,814)	(571,503)
Profit after tax		<u><u>1,263,886</u></u>	<u><u>2,498,972</u></u>
Retained earnings at the beginning of the year		20,821,146	19,634,451
Profit for the year		1,263,886	2,498,972
Dividends declared and paid		(1,763,815)	(1,312,277)
Retained earnings at the end of the year		<u><u>20,321,217</u></u>	<u><u>20,821,146</u></u>


The notes on pages 15 to 27 form part of these financial statements.

G K R SCAFFOLDING LIMITED
REGISTERED NUMBER:02954707

BALANCE SHEET
AS AT 31 OCTOBER 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	11	5,680,199	5,341,744
Investments	12	1,287,430	1,287,430
		<u>6,967,629</u>	<u>6,629,174</u>
Current assets			
Debtors: amounts falling due after more than one year	14	1,225,060	1,280,467
Stocks	13	2,760	2,684
Debtors: amounts falling due within one year	14	10,275,795	7,970,374
Cash at bank and in hand		4,524,996	8,252,182
		<u>16,028,611</u>	<u>17,505,707</u>
Creditors: amounts falling due within one year	15	(2,664,166)	(3,282,191)
Net current assets		<u>13,364,445</u>	<u>14,223,516</u>
Total assets less current liabilities		<u>20,332,074</u>	<u>20,852,690</u>
Creditors: amounts falling due after more than one year	16	(10,737)	(31,424)
Net assets		<u><u>20,321,337</u></u>	<u><u>20,821,266</u></u>
Capital and reserves			
Called up share capital	19	120	120
Profit and loss account	20	20,321,217	20,821,146
		<u>20,321,337</u>	<u>20,821,266</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


 L Rowswell
 Director

Date: 21.7.22.

The notes on pages 15 to 27 form part of these financial statements.

G K R SCAFFOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2021

1. General information

G K R Scaffolding Limited is a private company, limited by shares, which is registered and domiciled in the England and Wales. The registered office is 200 Tower Bridge Road, London, England, SE1 2UN. The principal place of business of the Company is Independent House, Arnolde Close, Medway City Estates, Rochester, Kent, ME2 4QW. The principal activity of the Company is the supply of scaffolding.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The presentational and functional currency of the Company is pounds sterling. Amounts in these financial statements have been rounded to the nearest whole £1.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of G K R Logistics Limited as at 31 October 2021 and these financial statements may be obtained from Companies House.

G K R SCAFFOLDING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021

2. Accounting policies (continued)

2.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The directors continue to adopt the going concern basis of accounting in preparing the financial statements.

In arriving at this assumption, the directors have considered a number of factors. Firstly, the Company has traded profitably during the year despite the impact of the pandemic and restrictions across the industry. Post year-end the Company has continued to trade profitably and current forecasts, based on the pipeline of secured and potential projects, show the Company is expected to continue to trade profitably in the next 12 months and beyond. Further to this, the Company's balance sheet continues to show a positive net asset position and retains a strong level of working capital sufficient to support the ongoing business.

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding trade discounts, rebates, value added tax and other sales taxes. Turnover comprises revenue recognised by the Company in respect of services relating to the erection and dismantling of scaffolding.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Plant and machinery	- 20% straight line
Motor vehicles	- 25% reducing balance
Fixtures and fittings	- 33.3% reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

G K R SCAFFOLDING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021

2. Accounting policies (continued)

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value.

2.8 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

2.9 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

2.10 Government grants

Grants are accounted under the accruals model as permitted by FRS 102.

Grants of a revenue nature are recognised in the Statement of income and retained earnings in the same period as the related expenditure.

2.11 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of income and retained earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

G K R SCAFFOLDING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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2. Accounting policies (continued)

2.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 2, the directors are required to make judgements, estimates and assumptions which affect the reported amounts of assets, liabilities, revenues and expenses. The directors base their judgements, estimates and assumptions on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates under different judgements or assumptions.

One key area of estimates and judgements is that of the measurement and recognition of outstanding applications. The Company has control and review procedures in place to monitor and evaluate the estimates being made to ensure they are consistent and appropriate. This includes reviewing independent certification of work done, the progress of work against contracted timescales and the costs incurred against the budget.

G K R SCAFFOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2021

4. Turnover

An analysis of turnover by class of business is as follows:

	2021	2020
	£	£
Supply of scaffolding	<u>26,055,103</u>	<u>25,748,376</u>

Analysis of turnover by country of destination:

	2021	2020
	£	£
United Kingdom	<u>26,055,103</u>	<u>25,748,376</u>

5. Other operating income

	2021	2020
	£	£
Government grants receivable	<u>57,582</u>	<u>1,171,143</u>

6. Operating profit

The operating profit is stated after charging:

	2021	2020
	£	£
Depreciation of tangible fixed assets	2,994,900	2,708,270
Auditors remuneration	21,775	19,750
Other operating lease rentals	110,110	137,025
Profit on sale of tangible assets	<u>(185,101)</u>	<u>(166,036)</u>

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NOTES TO THE FINANCIAL STATEMENTS
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7. Employees

Staff costs, including directors' remuneration, were as follows:

	2021	2020
	£	£
Wages and salaries	11,458,058	11,817,132
Social security costs	1,278,458	1,343,555
Cost of defined contribution scheme	229,790	250,040
	<u>12,966,306</u>	<u>13,410,727</u>

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

	2021	2020
	No.	No.
Administration	29	30
Scaffolders and Drivers	217	243
	<u>246</u>	<u>273</u>

8. Directors' remuneration

	2021	2020
	£	£
Directors' emoluments	<u>237,547</u>	<u>283,557</u>

The highest paid director received remuneration of £121,604 (2020 - £149,917).

9. Interest receivable

	2021	2020
	£	£
Interest receivable from group companies	46,491	48,353
Other interest receivable	20,027	15,526
	<u>66,518</u>	<u>63,879</u>

G K R SCAFFOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2021

10. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	(90,682)	623,012
Adjustments in respect of previous periods	(36,328)	(19,581)
Total current tax	(127,010)	603,431
Deferred tax		
Origination and reversal of timing differences	241,824	(31,928)
Taxation on profit on ordinary activities	114,814	571,503

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	1,378,700	3,070,475
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	261,953	583,390
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	28,643	566,878
Capital allowances for year in excess of depreciation	(95,011)	(487,280)
Adjustments to tax charge in respect of prior periods	(36,328)	(19,581)
Non-taxable income	(44,443)	(39,976)
Deferred tax	-	(31,928)
Total tax charge for the year	114,814	571,503

G K R SCAFFOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2021

11. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 November 2020	13,287,837	214,369	156,655	13,658,861
Additions	3,303,079	1,400	33,231	3,337,710
Disposals	(1,848,809)	(18,350)	-	(1,867,159)
At 31 October 2021	14,742,107	197,419	189,886	15,129,412
Depreciation				
At 1 November 2020	8,076,120	135,716	105,281	8,317,117
Charge for the year on owned assets	2,948,421	6,678	28,174	2,983,273
Charge for the year on financed assets	-	11,628	-	11,628
Disposals	(1,848,809)	(13,996)	-	(1,862,805)
At 31 October 2021	9,175,732	140,026	133,455	9,449,213
Net book value				
At 31 October 2021	5,566,375	57,393	56,431	5,680,199
At 31 October 2020	5,211,717	78,653	51,374	5,341,744

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2021 £	2020 £
Motor vehicles	34,885	46,513

G K R SCAFFOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2021

12. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 November 2020	1,287,430
At 31 October 2021	<u>1,287,430</u>

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Frindsbury Properties Limited	94a High Street, Sevenoaks, Kent, TN13 1LP	Ordinary	100%

13. Stocks

	2021 £	2020 £
Finished goods and goods for resale	<u>2,760</u>	<u>2,684</u>

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FOR THE YEAR ENDED 31 OCTOBER 2021

14. Debtors

	2021	2020
	£	£
Due after more than one year		
Amounts owed by group undertakings	1,225,060	1,280,467
	<u>1,225,060</u>	<u>1,280,467</u>
	2021	2020
	£	£
Due within one year		
Trade debtors	6,141,955	5,714,436
Amounts owed by group undertakings	255,407	53,477
Other debtors	1,886,296	131,792
Prepayments and accrued income	409,764	386,208
Tax recoverable	1,484,855	1,345,119
Deferred taxation	97,518	339,342
	<u>10,275,795</u>	<u>7,970,374</u>

15. Creditors: Amounts falling due within one year

	2021	2020
	£	£
Trade creditors	1,642,153	808,929
Other taxation and social security	406,956	1,914,363
Obligations under finance lease and hire purchase contracts	20,687	19,639
Other creditors	208,476	253,249
Accruals and deferred income	385,894	286,011
	<u>2,664,166</u>	<u>3,282,191</u>

16. Creditors: Amounts falling due after more than one year

	2021	2020
	£	£
Net obligations under finance leases and hire purchase contracts	<u>10,737</u>	<u>31,424</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021

17. Deferred taxation

	2021 £	2020 £
At beginning of year	339,342	307,414
Charged to profit or loss	(241,824)	31,928
At end of year	97,518	339,342

The deferred tax asset is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	97,518	339,342

18. Dividends

	2021 £	2020 £
Dividends	1,763,815	1,312,277

19. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
120 (2020 - 120) Ordinary shares of £1.00 each	120	120

20. Reserves

Profit and loss account

The profit and loss account comprises all current and prior period retained profits and losses.

21. Contingent liabilities

Barclays Bank plc holds cross-guarantees in respect of all accounts held in the names of the companies within the Group, and has the right to the set-off of debit and credit balances on all accounts. The amounts owed by group companies under this guarantee at 31st October 2021 amounted to £nil (2020 - £nil) in respect of overdrafts.

G K R SCAFFOLDING LIMITED
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22. Pension commitments

The Company operates a defined contribution pension scheme for three (2020: three) employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £20,498 (2020: £14,808).

In addition, the Company's contributions to NEST in the year amounted to £209,292 (2020: £235,232). At the year end £53,793 (2020: £57,998) remained unpaid and this amount is included within creditors.

23. Commitments under operating leases

At 31 October 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021	2020
	£	£
Not later than 1 year	681,942	489,451
Later than 1 year and not later than 5 years	1,499,185	1,529,842
Later than 5 years	77,500	124,000
	<u>2,258,627</u>	<u>2,143,293</u>

24. Related party transactions

During the year, the Company was charged management charges of £484,000 (2020: £385,000) plus VAT by G K & Y Rowsell Partnership, a partnership of which all directors are partners of. During the year, the Company paid £484,000 (2020: £385,000) in respect of these costs.

In addition, the Company paid expenses of behalf of the partnership totalling £25,750 (2020: £21,292) and received £30,957 (2020: £13,820) in repayments. At the balance sheet date, the Company was owed £92,749 (2020: £97,956) by the partnership and is included within other debtors.

Key management personnel compensation was £996,729 (2020: £1,017,076) in total.

G K R SCAFFOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2021

25. Transactions with directors

In the current year, included within other debtors, are loans to the directors of the Company. The loans are interest free and repayable on demand. The movements during the year were as follows:

	Directors' loans £
Balance brought forward at 1 November 2019	22,884
Amounts advanced	33,402
Amounts repaid	(40,550)
Balance carried forward at 31 October 2020	15,736
Balance brought forward at 1 November 2020	15,736
Amounts advanced	1,542,511
Amounts repaid	(35,899)
Balance carried forward at 31 October 2021	1,522,348

26. Controlling party

The immediate and ultimate parent undertaking is G K R Logistics Limited, a company registered in England and Wales. L Rowswell and N Rowswell are directors of and control 89.2% of the shares in G K R Logistics Limited.