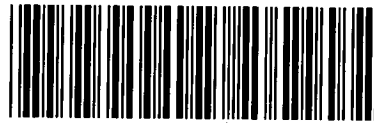


Registered number: 02954707

G K R SCAFFOLDING LIMITED
DIRECTORS' REPORT AND FINANCIAL
STATEMENTS
FOR THE YEAR ENDED
31 OCTOBER 2020

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G K R SCAFFOLDING LIMITED

COMPANY INFORMATION

Directors	G Rowswell L Rowswell N Rowswell
Registered number	02954707
Registered office	200 Tower Bridge Road London SE1 2UN
Independent auditors	Creaseys Group Limited Chartered 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 2020

Introduction

The directors present their strategic report and the financial statements for the year ended 31 October 2020.

Business review

The previous year saw the completion of several significant long term contracts. In the year ended 31 October 2020, sales decreased by 17%, which was an improvement on what had been predicted and is considered to be a sustainable basis. Gross profit margins reduced slightly and the company made a profit after tax of £2,498,972 (2019 - £2,618,658). The balance sheet remains strong with £20.8m of net assets and £8.3m of cash at bank. The directors are satisfied with the results.

The revenue target for this financial year was set lower than in previous years in response to market analysis that forecasted the beginning of a downturn in the run up to a No Deal Brexit.

The overall construction market was predicted by the Construction Products Association and Construction Leadership Council to show a decline in 2019 and 2020. The only two industry sectors predicting potential growth were infrastructure and industrial, with commercial and private residential sectors predicted to decline in forecasted growth.

In order to mitigate the impact of this, GKR focused on broadening its client base and has won business from a number of new clients. GKR also entered the infrastructure sector winning a significant rail project.

Planning for an anticipated downturn meant the business was in a strong position due to additional cost and resource management processes.

COVID-19 Response

Despite the COVID-19 Pandemic being an unforeseen and therefore an unplanned for event during the reporting period, the business' current work and interests were protected.

In February 2020, business continuity plans were quickly adapted to ensure the business could react to a national lockdown. The business made use of the Coronavirus Job Retention Scheme to protect jobs when building sites temporarily closed to put in place new Site Operating Procedures. The majority of office-based roles could continue as normal remotely.

Staff were quickly mobilised back into work as sites re-opened due to the creation of new GKR auditing procedures to ensure working environments were in line with Public Health England and industry guidance.

Employees were consulted and protected throughout the process, acting quickly to furlough site staff to reassure them that the business was protecting jobs. GKR later initiated a remobilisation strategy to prepare them for returning to work safely under new processes.

GKR was represented at industry level as a member of Build UK, actively contributing to new industry guidance, and was consulted through Construction Leadership Council and Government workstreams.

Brexit Planning

Significant analysis has been conducted to assess the impact of Brexit on the business. GKR has also proactively worked with all Principal Contractors who have evaluated their supply chain for resilience post-Brexit.

G K R SCAFFOLDING LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

Materials

The majority of materials used are assets not consumables, with 75% sourced from outside the EU. Consumables such as netting, and sheeting can be sourced within the UK. System scaffolding suppliers from within the EU are holding stock and have robust plans in place to meet demand.

Timber is the only material purchased in bulk from the EU. During the accounting period, suppliers were stock piling and although prices were not at the time increasing, this was anticipated due to demand and a drop in the value of Sterling. Sawn timber is not subject to tariffs and will not be under new customs rules either.

Labour

GKR employ the majority of their workforce directly so are not impacted by availability of temporary workers to fulfil contracted work.

Only 6.5% of the current workforce are EU nationals all of whom have settled status.

Future impact on demand for materials

GKR anticipate demand for materials to impact on cost and supply. Increases in the price of steel and timber will impact the scaffolding materials market.

GKR has sufficient scaffold materials to fulfil future pipeline and will be working with their supply chain to ensure continued supply of all materials.

Evaluation

Due to the impact on materials and labour being limited and managed, the business does not foresee a direct impact on their obligations to fulfil contracted work.

However, being a trade that reacts to the demands of the overall construction programme and access needs of other trades, there may be a secondary impact if delays are created by other members of the supply chain.

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 out 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.

G K R SCAFFOLDING LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

Financial key performance indicators

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

	2020	2019
	£	£
Turnover	25,748,376	31,023,900
Gross profit margin	38.4%	38.9%

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.

G K R SCAFFOLDING LIMITED

STRATEGIC REPORT (CONTINUED) ***FOR THE YEAR ENDED 31 OCTOBER 2020***

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.

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



L. Rowsell
Director

Date: 13.07.21

G K R SCAFFOLDING LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2020

The directors present their report and the financial statements for the year ended 31 October 2020.

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 £2,498,972 (2019 - £2,618,658).

A dividend of £1,312,276 (2019 - £1,537,550) has been paid in the year.

Directors

The directors who served during the year were:

G Rowswell
L Rowswell
N Rowswell

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.

G K R SCAFFOLDING LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

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.

Engagement with suppliers, customers and others

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 2020 and these financial statements may be obtained from Companies House.

Disclosure of information to auditors

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

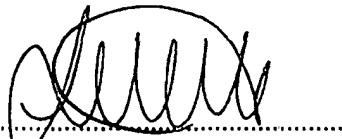
- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors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

Post balance sheet events

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

G K R SCAFFOLDING LIMITED
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2020

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

A handwritten signature in black ink, consisting of a large, stylized 'L' followed by several vertical strokes and a final flourish.

L. Rowswell
Director

Date: 13.07.21

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 2020, 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 2020 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

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

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

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 Auditors' 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.

G K R SCAFFOLDING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF G K R SCAFFOLDING LIMITED (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 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 on page 5, 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.

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;
- 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 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 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

Chartered Accountants and Statutory Auditors

Brockbourne House
77 Mount Ephraim
Tunbridge Wells
Kent
TN4 8BS

Date: 15 July 2021

G K R SCAFFOLDING LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 OCTOBER 2020

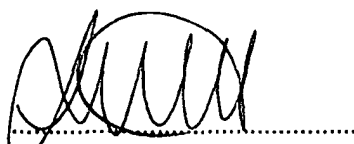
	Note	2020 £	2019 £
Turnover	4	25,748,376	31,023,900
Cost of sales		(15,865,210)	(18,952,580)
Gross profit		9,883,166	12,071,320
Distribution costs		(503,310)	(615,403)
Administrative expenses		(7,544,403)	(8,110,921)
Other operating income	5	1,171,143	-
Operating profit	6	3,006,596	3,344,996
Interest receivable and similar income	9	63,879	23,638
Profit before tax		3,070,475	3,368,634
Tax on profit	10	(571,503)	(749,976)
Profit after tax		2,498,972	2,618,658
Retained earnings at the beginning of the year		19,634,451	18,553,341
Profit for the year		2,498,972	2,618,658
Dividends declared and paid		(1,312,276)	(1,537,550)
Retained earnings at the end of the year		20,821,147	19,634,449

The notes on pages 14 to 26 form part of these financial statements.

G K R SCAFFOLDING LIMITED**REGISTERED NUMBER:02954707****BALANCE SHEET****AS AT 31 OCTOBER 2020**

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	11	5,341,744	6,342,219
Investments	12	1,287,430	1,287,430
		<u>6,629,174</u>	<u>7,629,649</u>
Current assets			
Debtors: amounts falling due after more than one year	14	1,280,467	1,333,944
Stocks	13	2,684	2,090
Debtors: amounts falling due within one year	14	7,970,374	9,564,420
Cash at bank and in hand		8,252,182	4,291,615
		<u>17,505,707</u>	<u>15,192,069</u>
Creditors: amounts falling due within one year	15	(3,282,191)	(3,138,052)
Net current assets		<u>14,223,516</u>	<u>12,054,017</u>
Total assets less current liabilities		<u>20,852,690</u>	<u>19,683,666</u>
Creditors: amounts falling due after more than one year	16	(31,424)	(49,097)
Net assets		<u><u>20,821,266</u></u>	<u><u>19,634,569</u></u>
Capital and reserves			
Called up share capital	19	120	120
Profit and loss account	20	20,821,146	19,634,449
		<u>20,821,266</u>	<u>19,634,569</u>

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



L Rowswell
Director

Date: 13.07.21

The notes on pages 14 to 26 form part of these financial statements.

G K R SCAFFOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2020

1. General information

G K R Scaffolding 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 £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 2020 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 2020

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.

2.7 Stocks

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

G K R SCAFFOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2020

2. Accounting policies (continued)

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 profit or loss 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 FOR THE YEAR ENDED 31 OCTOBER 2020

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 2020

4. Turnover

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

	2020	2019
	£	£
Supply of scaffolding	<u>25,748,376</u>	<u>31,023,900</u>

Analysis of turnover by country of destination:

	2020	2019
	£	£
United Kingdom	<u>25,748,376</u>	<u>31,023,900</u>

5. Other operating income

	2020	2019
	£	£
Government grants receivable	<u>1,171,143</u>	<u>-</u>

6. Operating profit

The operating profit is stated after charging:

	2020	2019
	£	£
Depreciation of tangible fixed assets	2,708,270	2,991,407
Auditors remuneration	19,750	18,500
Other operating lease rentals	137,025	137,276
Profit on sale of tangible assets	<u>(166,036)</u>	<u>(138,560)</u>

G K R SCAFFOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2020

7. Employees

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

	2020 £	2019 £
Wages and salaries	11,817,132	13,579,810
Social security costs	1,343,555	1,541,047
Cost of defined contribution scheme	250,040	236,147
	<u>13,410,727</u>	<u>15,357,004</u>

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

	2020 No.	2019 No.
Administration	30	29
Scaffolders and Drivers	243	267
	<u>273</u>	<u>296</u>

8. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	<u>283,557</u>	<u>264,436</u>

The highest paid director received remuneration of £149,917 (2019 - £145,711).

9. Interest receivable

	2020 £	2019 £
Interest receivable from group companies	48,353	11,341
Other interest receivable	15,526	12,297
	<u>63,879</u>	<u>23,638</u>

G K R SCAFFOLDING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020

10. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	623,012	786,147
Adjustments in respect of previous periods	(19,581)	347
Total current tax	<u>603,431</u>	<u>786,494</u>
Deferred tax		
Origination and reversal of timing differences	(31,928)	(36,518)
Taxation on profit on ordinary activities	<u><u>571,503</u></u>	<u><u>749,976</u></u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	<u>3,070,475</u>	<u>3,368,634</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	583,390	640,040
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	566,878	677,828
Capital allowances for year in excess of depreciation	(487,280)	(504,604)
Adjustments to tax charge in respect of prior periods	(19,581)	347
Non-taxable income	(39,976)	(27,117)
Deferred tax	(31,928)	(36,518)
Total tax charge for the year	<u><u>571,503</u></u>	<u><u>749,976</u></u>

G K R SCAFFOLDING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020

11. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 November 2019	14,630,122	208,939	185,276	15,024,337
Additions	1,690,475	5,430	13,175	1,709,080
Disposals	(3,032,760)	-	(41,796)	(3,074,556)
At 31 October 2020	<u>13,287,837</u>	<u>214,369</u>	<u>156,655</u>	<u>13,658,861</u>
Depreciation				
At 1 November 2019	8,451,311	111,308	119,499	8,682,118
Charge for the year on owned assets	2,657,568	8,904	26,294	2,692,766
Charge for the year on financed assets	-	15,504	-	15,504
Disposals	(3,032,759)	-	(40,512)	(3,073,271)
At 31 October 2020	<u>8,076,120</u>	<u>135,716</u>	<u>105,281</u>	<u>8,317,117</u>
Net book value				
At 31 October 2020	<u>5,211,717</u>	<u>78,653</u>	<u>51,374</u>	<u>5,341,744</u>
At 31 October 2019	<u>6,178,811</u>	<u>97,631</u>	<u>65,777</u>	<u>6,342,219</u>

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

	2020 £	2019 £
Motor vehicles	<u>46,513</u>	<u>62,017</u>

G K R SCAFFOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2020

12. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 November 2019 and 31 October 2020	<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

	2020 £	2019 £
Finished goods and goods for resale	<u>2,684</u>	<u>2,090</u>

G K R SCAFFOLDING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020

14. Debtors

	2020	2019
	£	£
Due after more than one year		
Amounts owed by group undertakings	1,280,467	1,333,944
	<u>1,280,467</u>	<u>1,333,944</u>
	2020	2019
	£	£
Due within one year		
Trade debtors	5,714,436	8,097,556
Amounts owed by group undertakings	53,477	51,615
Other debtors	131,792	149,895
Prepayments and accrued income	386,208	296,547
Tax recoverable	1,345,119	661,393
Deferred taxation	339,342	307,414
	<u>7,970,374</u>	<u>9,564,420</u>

15. Creditors: Amounts falling due within one year

	2020	2019
	£	£
Trade creditors	808,929	1,056,975
Other taxation and social security	1,914,363	1,087,624
Obligations under finance lease and hire purchase contracts	19,639	20,197
Other creditors	253,249	237,763
Accruals and deferred income	286,011	735,493
	<u>3,282,191</u>	<u>3,138,052</u>

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

	2020	2019
	£	£
Net obligations under finance leases and hire purchase contracts	31,424	49,097
	<u>31,424</u>	<u>49,097</u>

G K R SCAFFOLDING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020

17. Deferred taxation

	2020	2019
	£	£
At beginning of year	307,414	270,896
Charged to profit or loss	31,928	36,518
At end of year	339,342	307,414

The deferred tax asset is made up as follows:

	2020	2019
	£	£
Accelerated capital allowances	339,342	307,414

18. Dividends

	2020	2019
	£	£
Dividends	1,312,276	1,537,550

19. Share capital

	2020	2019
	£	£
Allotted, called up and fully paid		
120 (2019 - 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 31 October 2020 amounted to £nil (2019: £nil) in respect of overdrafts.

G K R SCAFFOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2020

22. Pension commitments

The Company operates a defined contribution pension scheme for three (2019: 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 £14,808 (2019: £14,808).

In addition, the Company's contributions to NEST in the year amounted to £235,232 (2019: £221,339). At the year end £57,998 (2019: £23,712) remained unpaid and this amount is included within creditors.

23. Commitments under operating leases

At 31 October 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020	2019
	£	£
Not later than 1 year	489,451	702,480
Later than 1 year and not later than 5 years	1,529,842	2,072,103
Later than 5 years	124,000	186,000
	<u>2,143,293</u>	<u>2,960,583</u>

24. Related party transactions

During the year, the Company was charged management charges of £385,000 (2019: £455,000) plus VAT by G K & Y Rowswell Partnership, a partnership of which all directors are partners of. During the year, the Company paid £385,000 (2019: £455,000) in respect of these costs.

In addition, the Company paid expenses of behalf of the partnership totalling £21,292 (2019: £73,988) and received £13,820 (2019: £69,074) in repayments. At the balance sheet date, the Company was owed £97,956 (2019: £90,484) by the partnership and is included within other debtors.

Key management personnel compensation was £1,017,076 in total.

G K R SCAFFOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2020

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 2018	79,648
Amounts advanced	63,337
Amounts repaid	(120,101)
Balance carried forward at 31 October 2019	22,884
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

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.