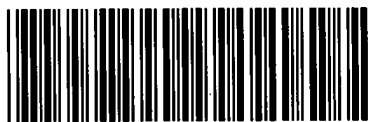


**CONNECT SCAFFOLDING LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JANUARY 2018**

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**CONNECT SCAFFOLDING LIMITED**

**COMPANY INFORMATION**

<b>DIRECTOR</b>	Mr O J Cave
<b>REGISTERED NUMBER</b>	3893139
<b>REGISTERED OFFICE</b>	Hadham Road Bishop's Stortford Hertfordshire CM23 1JH
<b>TRADING ADDRESS</b>	Hadham Road Bishop's Stortford Hertfordshire CM23 1JH
<b>INDEPENDENT AUDITORS</b>	Price Bailey LLP Chartered Accountants & Statutory Auditors Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT

# **CONNECT SCAFFOLDING LIMITED**

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## CONNECT SCAFFOLDING LIMITED

### STRATEGIC REPORT FOR THE YEAR ENDED 31 JANUARY 2018

#### BUSINESS REVIEW

Connect Scaffolding provides high quality scaffolds, access and hoist solutions across the South East.

In line with growth plans, sales have increased by 11% to £15,212,157 (2017 - £13,704,179).

The construction industry in general remains extremely competitive. In order to deliver exemplary customer service we continue to focus strongly on our key asset, our people. We have invested heavily in our team over the last twelve months and have continued to offer apprenticeships and other forms of vocational training and we encourage and support our staff to engage in lifelong learning.

We have retained all our key supply chain accreditations, and we are now also fully compliant with the Construction and Community Safety (CLOCS) standard and are licensed to work where there is exposure to asbestos. We pride ourselves on delivering our services to our customers safely and sustainably and helping them to reduce the environmental impact of their activities.

We are beginning the new year with a very strong order book, for both new and repeat business, which sets us in good stead to deliver against our growth targets for the coming year.

#### PRINCIPAL RISKS AND UNCERTAINTIES

Although we operate solely within the UK, our business is affected by global economic conditions. The relative strength of the Euro versus the previous year has caused some significant price increases on our key equipment resources, which are mainly purchased from Europe. As we progress towards exiting from the European Union, we will inevitably see further change, although this is as yet unquantifiable.

We continue to invest in research and development of new systems of work and equipment, which carries some risk and uncertainty.

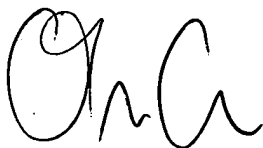
Demand and competition for quality skilled labour, an increasingly scarce resource, remains the most significant risk for our business.

#### FINANCIAL KEY PERFORMANCE INDICATORS

The principal goal of the business is to achieve sustainable growth and maximum return through delivering exceptional service to our customers and creating opportunity for all our employees.

Management focus on KPI's in each department is helping to achieve Company objectives.

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



Mr O J Cave  
Director

Date: 20.07.18

## **CONNECT SCAFFOLDING LIMITED**

### **DIRECTOR'S REPORT FOR THE YEAR ENDED 31 JANUARY 2018**

The Director presents his report and the financial statements for the year ended 31 January 2018.

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £928,465 (2017 - £1,714,960).

#### **DIRECTOR**

The Director who served during the year was:

Mr O J Cave

#### **AUDITORS**

Under section 487(2) of the Companies Act 2006, Price Bailey LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

#### **DISCLOSURE OF INFORMATION TO AUDITORS**

The Director at the time when this Director's Report is approved has confirmed that:

- so far as is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- 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.

## CONNECT SCAFFOLDING LIMITED

### DIRECTOR'S REPORT (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2018

#### DIRECTOR'S RESPONSIBILITIES STATEMENT

The Director is responsible for preparing the Strategic Report, the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Director to prepare financial statements for each financial year. Under that law the Director has 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 Director must not approve the financial statements unless he is 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.

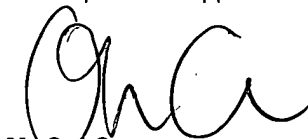
In preparing these financial statements, the Director is required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Director is responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Director's Reports may differ from legislation in other jurisdictions.

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



Mr Q. J. Cave  
Director

Date: 20:07:18

## **CONNECT SCAFFOLDING LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CONNECT SCAFFOLDING LIMITED**

#### **OPINION**

We have audited the financial statements of Connect Scaffolding Limited (the 'Company') for the year ended 31 January 2018, which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position, the Statement of Cash Flows 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 the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 January 2018 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 Director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Director has 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 Director is 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.

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.

## **CONNECT SCAFFOLDING LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CONNECT SCAFFOLDING LIMITED (CONTINUED)**

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 Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Director's 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 Director's 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 Director's 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 Director's Responsibilities Statement on page 3, the Director is 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 Director determines 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 Director is 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 Director either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



## CONNECT SCAFFOLDING LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CONNECT 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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

#### USE OF OUR REPORT

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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.

Richard Vass (Senior Statutory Auditor)

for and on behalf of  
**Price Bailey LLP**

Chartered Accountants  
Statutory Auditors

Causeway House  
1 Dane Street  
Bishop's Stortford  
Hertfordshire  
CM23 3BT

Date: 2 August 2018

# CONNECT SCAFFOLDING LIMITED

## STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 JANUARY 2018

	Note	2018 £	2017 £
Turnover	4	15,212,157	13,704,179
Cost of sales		(13,106,751)	(10,554,611)
<b>GROSS PROFIT</b>		<b>2,105,406</b>	<b>3,149,568</b>
Administrative expenses		(1,577,015)	(1,230,584)
Other operating income	5	208,175	129,543
<b>OPERATING PROFIT</b>	6	<b>736,566</b>	<b>2,048,527</b>
Interest receivable and similar income	9	1,893	502
Interest payable and expenses	10	(874)	(9)
<b>PROFIT BEFORE TAX</b>		<b>737,585</b>	<b>2,049,020</b>
Tax on profit	11	190,880	(334,060)
<b>PROFIT AFTER TAX</b>		<b>928,465</b>	<b>1,714,960</b>
Retained earnings at the beginning of the year		7,668,988	5,954,028
Profit for the year		928,465	1,714,960
<b>RETAINED EARNINGS AT THE END OF THE YEAR</b>		<b>8,597,453</b>	<b>7,668,988</b>

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of income and retained earnings.

The notes on pages 10 to 22 form part of these financial statements.

**CONNECT SCAFFOLDING LIMITED**  
**REGISTERED NUMBER: 3893139**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 JANUARY 2018**

	Note	2018 £	2017 £
<b>FIXED ASSETS</b>			
Tangible assets	13	984,487	4,819,616
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due within one year	14	9,511,604	3,426,579
Cash at bank and in hand	15	489,292	1,358,754
		<u>10,000,896</u>	<u>4,785,333</u>
Creditors: amounts falling due within one year	16	(1,640,049)	(1,659,033)
<b>NET CURRENT ASSETS</b>		8,360,847	3,126,300
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>9,345,334</u>	<u>7,945,916</u>
Creditors: amounts falling due after more than one year		(668,784)	-
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred tax	20	(39,947)	(276,918)
Other provisions	21	(39,140)	-
		<u>(79,087)</u>	<u>(276,918)</u>
<b>NET ASSETS</b>		<u>8,597,463</u>	<u>7,668,998</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	22	6	6
Capital redemption reserve		4	4
Profit and loss account		8,597,453	7,668,988
		<u>8,597,463</u>	<u>7,668,998</u>

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

  
**Mr O J Cave**  
 Director

Date: 20:07:18

The notes on pages 10 to 22 form part of these financial statements.

**CONNECT SCAFFOLDING LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 JANUARY 2018**

	2018 £	2017 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the financial period	928,465	1,714,960
<b>ADJUSTMENTS FOR:</b>		
Depreciation of tangible assets	376,296	678,510
Loss on disposal of tangible assets	(771)	8,128
Interest paid	874	9
Interest received	(1,893)	(502)
Taxation charge	(190,880)	334,060
(Increase)/decrease in debtors	(151,649)	736,873
(Increase) in amounts owed by groups	(1,409,333)	(400,000)
(Decrease)/increase in creditors	(267,702)	736,507
Corporation tax (paid)	(196,204)	(292,631)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<u>(912,797)</u>	<u>3,515,914</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of tangible fixed assets	(958,751)	(2,826,297)
Sale of tangible fixed assets	1,067	7,593
Interest received	1,893	502
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<u>(955,791)</u>	<u>(2,818,202)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
New secured loans	1,000,000	-
Interest paid	(874)	(9)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u>999,126</u>	<u>(9)</u>
<b>(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(869,462)</u>	<u>697,703</u>
Cash and cash equivalents at beginning of year	1,358,754	661,051
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>	<u><u>489,292</u></u>	<u><u>1,358,754</u></u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:</b>		
Cash at bank and in hand	<u><u>489,292</u></u>	<u><u>1,358,754</u></u>

The notes on pages 10 to 22 form part of these financial statements.

## **CONNECT SCAFFOLDING LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018**

#### **1. GENERAL INFORMATION**

Connect Scaffolding Limited is a private company limited by shares, incorporated in England and Wales. Its registered office is Hadham Road, Bishop's Stortford, Hertfordshire CM23 1JH.

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

The following principal accounting policies have been applied:

##### **2.2 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

###### **Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

##### **2.3 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

## CONNECT SCAFFOLDING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018

#### 2. ACCOUNTING POLICIES (CONTINUED)

##### 2.4 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.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line or reducing balance method.

Depreciation is provided on the following basis:

Short term Leasehold Property	-	10% straight line
Plant and machinery	-	10% straight line
Motor vehicles	-	25% reducing balance
Office equipment	-	25% straight line
Computer equipment	-	25% straight line

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 the Statement of Income and Retained Earnings.

##### 2.5 Operating leases

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the lease term.

##### 2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### 2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

##### 2.8 Financial instruments

The Company enters into basic financial instruments 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 non-puttable ordinary shares.

## CONNECT SCAFFOLDING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.8 Financial instruments (continued)

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income Statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

### 2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

### 2.10 Finance costs

Finance costs are charged to the Statement of Income and Retained Earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

### 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 Profit and Loss Account 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.

## CONNECT SCAFFOLDING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018

#### 2. ACCOUNTING POLICIES (CONTINUED)

##### 2.12 Interest income

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

##### 2.13 Borrowing costs

All borrowing costs are recognised in the Statement of Income and Retained Earnings in the year in which they are incurred.

##### 2.14 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Income and Retained Earnings in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

##### 2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings, 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 reporting 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 Statement of Financial Position 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 reporting date.



# CONNECT SCAFFOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018

### 3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

#### *Useful economic lives of tangible assets*

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of the property, plant and equipment, and note 2.4 for the useful economic lives for each class of asset.

### 4. TURNOVER

The whole of the turnover is attributable to that of scaffolding specialists.

All turnover arose within the United Kingdom.

### 5. OTHER OPERATING INCOME

	2018 £	2017 £
Other operating income	208,175	129,543

### 6. OPERATING PROFIT

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	376,296	678,510
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	7,650	6,500
Other operating lease rentals	60,427	50,983
Defined contribution pension cost	58,402	19,834

# CONNECT SCAFFOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018

### 7. EMPLOYEES

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	6,739,225	5,561,234
Social security costs	674,884	543,096
Cost of defined contribution scheme	58,402	19,834
	<u>7,472,511</u>	<u>6,124,164</u>

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

	2018 No.	2017 No.
Administration	20	17
Operations Management	21	12
Operatives	156	149
	<u>197</u>	<u>178</u>

### 8. DIRECTOR'S REMUNERATION

	2018 £	2017 £
Company contributions to defined contribution pension schemes	<u>10,000</u>	<u>(20,000)</u>

During the year retirement benefits were accruing to 1 Director (2017 - 1) in respect of defined contribution pension schemes.

### 9. INTEREST RECEIVABLE

	2018 £	2017 £
Other interest receivable	<u>1,893</u>	<u>502</u>

# CONNECT SCAFFOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018

### 10. INTEREST PAYABLE AND SIMILAR CHARGES

	2018 £	2017 £
Bank interest payable	874	-
Other interest payable	-	9
	<u>874</u>	<u>9</u>

### 11. TAXATION

	2018 £	2017 £
<b>CORPORATION TAX</b>		
Current tax on profits for the year	120,808	344,655
Adjustments in respect of previous periods	(127,917)	(82,686)
Group taxation relief	53,200	-
<b>TOTAL CURRENT TAX</b>	<u>46,091</u>	<u>261,969</u>
<b>DEFERRED TAX</b>		
Origination and reversal of timing differences	(236,971)	72,091
<b>TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES</b>	<u>(190,880)</u>	<u>334,060</u>

#### FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19.16% (2017 - 20%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>737,585</u>	<u>2,049,020</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.16% (2017 - 20%)	141,321	409,804
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(62,608)	8,567
Capital allowances for year in excess of depreciation	(46,939)	(1,625)
Adjustments to tax charge in respect of prior periods	(127,917)	(82,686)
Changes to tax rate leading to an increase (decrease) in the tax charge	(41,537)	-
Group relief	(53,200)	-
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	<u>(190,880)</u>	<u>334,060</u>

CONNECT SCAFFOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2018

11. TAXATION (CONTINUED)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges.

12. INTANGIBLE ASSETS

	Goodwill £
<b>Cost</b>	
At 1 February 2017	2,500,000
At 31 January 2018	<u>2,500,000</u>
<b>Amortisation</b>	
At 1 February 2017	2,500,000
At 31 January 2018	<u>2,500,000</u>
<b>Net book value</b>	
At 31 January 2018	<u>-</u>
At 31 January 2017	<u>-</u>

# CONNECT SCAFFOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018

### 13. TANGIBLE FIXED ASSETS

	Short Term Leasehold Property £	Plant and machinery £	Motor vehicles £	Office equipment £	Total £
<b>Cost or valuation</b>					
At 1 February 2017	73,619	8,242,822	1,302,375	140,339	9,759,155
Additions	4,550	786,351	135,318	32,532	958,751
Transfers intra group	-	(8,466,249)	-	-	(8,466,249)
Disposals	-	-	(11,100)	-	(11,100)
At 31 January 2018	78,169	562,924	1,426,593	172,871	2,240,557
<b>Depreciation</b>					
At 1 February 2017	42,911	4,064,728	732,540	99,360	4,939,539
Charge for the year on owned assets	5,381	197,288	151,147	22,480	376,296
Transfers intra group	-	(4,048,961)	-	-	(4,048,961)
Disposals	-	-	(10,804)	-	(10,804)
At 31 January 2018	48,292	213,055	872,883	121,840	1,256,070
<b>Net book value</b>					
At 31 January 2018	29,877	349,869	553,710	51,031	984,487
At 31 January 2017	30,708	4,178,094	569,835	40,979	4,819,616

### 14. DEBTORS

	2018 £	2017 £
Trade debtors	3,032,774	2,873,003
Amounts owed by group undertakings	5,836,621	400,000
Other debtors	154,509	38,571
Prepayments and accrued income	487,700	115,004
	<u>9,511,604</u>	<u>3,426,578</u>

# CONNECT SCAFFOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018

### 15. CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash at bank and in hand	489,292	1,358,754

### 16. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Bank loans	331,216	-
Trade creditors	205,723	486,335
Amounts owed to group undertakings	10,000	-
Corporation tax	-	53,357
Other taxation and social security	720,514	606,041
Other creditors	854	655
Accruals and deferred income	371,742	512,644
	<u>1,640,049</u>	<u>1,659,032</u>

### 17. CREDITORS: Amounts falling due after more than one year

	2018 £	2017 £
Bank loans	668,784	-

#### Secured loans

The loan is secured over the property held within the group by a cross guarantee debenture with Dateland Properties Limited.

# CONNECT SCAFFOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018

### 18. LOANS

Analysis of the maturity of loans is given below:

	2018 £	2017 £
<b>AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
Bank loans	331,216	-
<b>AMOUNTS FALLING DUE 1-2 YEARS</b>		
Bank loans	337,163	-
<b>AMOUNTS FALLING DUE 2-5 YEARS</b>		
Bank loans	331,621	-
	<u>1,000,000</u>	<u>-</u>

### 19. FINANCIAL INSTRUMENTS

	2018 £	2017 £
<b>FINANCIAL ASSETS</b>		
Financial assets measured at fair value through profit or loss	489,292	1,358,754
Financial assets that are debt instruments measured at amortised cost	9,023,904	3,311,574
	<u>9,513,196</u>	<u>4,670,328</u>
<b>FINANCIAL LIABILITIES</b>		
Financial liabilities measured at amortised cost	(1,587,465)	(999,454)
	<u>(1,587,465)</u>	<u>(999,454)</u>

Financial assets measured at fair value through profit or loss comprise the cash balance.

Financial assets measured at amortised cost comprise trade and other debtors, and amounts owed by group companies.

Financial liabilities measured at amortised cost comprise trade creditors, accruals, deferred income and other creditors.

# CONNECT SCAFFOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018

### 20. DEFERRED TAXATION

	2018 £	2017 £
At beginning of year	276,918	204,827
Charged to the profit or loss	(236,971)	72,091
<b>AT END OF YEAR</b>	<b>39,947</b>	<b>276,918</b>

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	41,647	278,918
Other timing differences	(1,700)	(2,000)
	<b>39,947</b>	<b>276,918</b>

### 21. PROVISIONS

	Other provision £
Charged to profit or loss	39,140
<b>AT 31 JANUARY 2018</b>	<b>39,140</b>

Other provision provided in the year is in relation to remedy works for site under the terms of lease agreements.

### 22. SHARE CAPITAL

	2018 £	2017 £
<b>Allotted, called up and fully paid</b>		
6 Ordinary shares of £1 each	6	6

### 23. PENSION COMMITMENTS

The Company operates a defined contribution pension scheme. 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 £48,402 (2017 - £39,834). Contributions totalling £10,000 (2017 - £10,005) were payable to the fund at the Balance Sheet date and are included in creditors.



## CONNECT SCAFFOLDING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018

#### 24. COMMITMENTS UNDER OPERATING LEASES

At 31 January 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	60,000	60,000
Later than 1 year and not later than 5 years	240,000	240,000
Later than 5 years	290,000	350,000
	<u>590,000</u>	<u>650,000</u>

#### 25. RELATED PARTY TRANSACTIONS

During the year, the Company made payments in respect of hire of equipment totalling £1,179,007 (2017 - £901,325) to and recharged expenses totalling £18,805 (2017 - £28,405) to Connect Scaffolding, a business of which the Director is a Partner. The amount due to them at the year end was £NIL (2017 - £3,351).

During the year, the Company received computer consultancy services totalling £11,895 (2017 - £8,820), from Strikesoft Limited, a business under the control of the Director. The amount owed to them at the year end was £NIL (2017 - £NIL).

The Company has taken advantage of the exemption under FRS 102 (Section 33.1A) not to disclose transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly-owned by such a member.

#### 26. CONTROLLING PARTY

The immediate and ultimate parent company is Connect Access Group Limited.

The ultimate controlling party is Mr O J Cave.