
Q.F.S. SCAFFOLDING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

Q.F.S. SCAFFOLDING LIMITED

COMPANY INFORMATION

Directors	K J Clifford M G Bellis (resigned 31 May 2018) A G H Noble (resigned 31 December 2018) M J Robinson (resigned 28 June 2018) P A Reade
Company secretary	K Baker
Registered number	04826578
Registered office	Westminster House Denton Wharf Mark Lane Gravesend Kent DA12 2PL
Independent auditors	White Hart Associates (London) Limited Chartered Accountants and Statutory Auditors 2nd Floor, Nucleus House 2 Lower Mortlake Road Richmond TW9 2JA

Q.F.S. SCAFFOLDING LIMITED

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**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

Introduction

The directors present their strategic report for the year ended 31 December 2018.

Business review

The results of the company show a pre-tax profit for the year of £210,413 (2017 - £1,314,406). Statutory turnover was £14,588,188 (2017 - £14,340,595) with a gross profit achieved of £5,492,938 (2017 - £5,569,123). Cash generated by operating activities was £784,697 (2017 - £1,282,004).

Development and performance

With the uncertainty that Brexit brings we have seen only a slight increase in sales. The Directors have been and are working to secure several major projects with orders coming to fruition. Continued major investments in the Ancillary Asbestos division will result in direct targeting of these works. With the addition of new and experienced senior staff the implementation of new procedures and measurement processes will allow us to expand our customer with a greater degree of control.

Principal risks and uncertainties

Commercial relationships:

To maintain and improve relationships, the managerial team meets regularly with its main contractors on both a commercial and operational level to ensure future business opportunities.

Otherwise, Brexit continues to cast its shadow across the economy and this situation is being monitored closely by the board.

Financial Risks:

We employ stringent credit checks on clients prior to any exposure. We also monitor closely both our customers and suppliers financial strengths and weakness internally and by other external means.

All exposure is monitored on a daily basis and prompt action is taken to ensure we are in control and compliant with legal requirements.

Design/Technical Developments:

Our inhouse design team continue to make an improved difference to our business in both a financial and customer interaction sense. Recent investment in IT has improved our ability to measure and communicate results faster throughout the business.

Health and Safety:

Safety standards have again improved and will continue to do so with planned additional expansion of this crucial department.

This report was approved by the board on 12 April 2019 and signed on its behalf.

P A Reade

Director

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their report and the financial statements for the year ended 31 December 2018.

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 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 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.

The directors are also responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Principal activity

The company's principal activity during the year continued to be that of providing scaffolding services to developers and large building companies.

Results and dividends

The profit for the year, after taxation, amounted to £546,740 (2017 - £1,047,532).

Dividends paid during the year amounted to £300,000.

Directors

The directors who served during the year were:

K J Clifford
M G Bellis (resigned 31 May 2018)
A G H Noble (resigned 31 December 2018)
M J Robinson (resigned 28 June 2018)
P A Reade

Q.F.S. SCAFFOLDING LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Future developments

After successfully expanding the business into other sectors of the industry we intend to further this expansion by increasing our customer base to include more Tier 1 Contractors who dominate the high profile, high yield project sector which we work in.

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.

Auditors

The auditors, White Hart Associates (London) Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 12 April 2019 and signed on its behalf.

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P A Reade

Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF Q.F.S. SCAFFOLDING LIMITED

Opinion

We have audited the financial statements of Q.F.S. Scaffolding Limited (the 'Company') for the year ended 31 December 2018, which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity 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 December 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.

The impact of uncertainties due to Britain exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of investments, intangible assets and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF Q.F.S. SCAFFOLDING LIMITED (CONTINUED)

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.

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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF Q.F.S. SCAFFOLDING LIMITED (CONTINUED)

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 2, 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.

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. This description forms part of our Auditors' Report.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF Q.F.S. 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.

M S Caldicott ACA FCCA CTA (Senior Statutory Auditor)

for and on behalf of

White Hart Associates (London) Limited

Chartered Accountants and Statutory Auditors

2nd Floor, Nucleus House

2 Lower Mortlake Road

Richmond

TW9 2JA

12 April 2019

Q.F.S. SCAFFOLDING LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Turnover	4	14,588,188	14,340,595
Cost of sales		(9,095,250)	(8,771,472)
Gross profit		5,492,938	5,569,123
Administrative expenses		(5,084,723)	(4,072,975)
Operating profit	5	408,215	1,496,148
Interest receivable and similar income	8	517	55
Interest payable and similar expenses	9	(198,319)	(181,797)
Profit before tax		210,413	1,314,406
Tax on profit	10	336,327	(266,874)
Profit for the financial year		546,740	1,047,532

The notes on pages 14 to 28 form part of these financial statements.

Q.F.S. SCAFFOLDING LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	2017 £
Profit for the financial year		546,740	1,047,532
Other comprehensive income			
Other comprehensive income 1		(81,066)	(99,352)
Other comprehensive income for the year		(81,066)	(99,352)
Total comprehensive income for the year		<u>465,674</u>	<u>948,180</u>

The notes on pages 14 to 28 form part of these financial statements.

Q.F.S. SCAFFOLDING LIMITED
REGISTERED NUMBER: 04826578

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	12	4,658,931	5,248,075
		<u>4,658,931</u>	<u>5,248,075</u>
Current assets			
Debtors: amounts falling due within one year	13	3,151,180	1,991,841
Cash at bank and in hand	14	1,013,780	1,073,527
		<u>4,164,960</u>	<u>3,065,368</u>
Creditors: amounts falling due within one year	15	(3,317,021)	(3,001,893)
Net current assets		<u>847,939</u>	<u>63,475</u>
Total assets less current liabilities		<u>5,506,870</u>	<u>5,311,550</u>
Creditors: amounts falling due after more than one year	16	(328,075)	(1,303,567)
Provisions for liabilities			
Deferred tax	18	(341,070)	(335,930)
		<u>(341,070)</u>	<u>(335,930)</u>
Net assets		<u><u>4,837,725</u></u>	<u><u>3,672,053</u></u>
Capital and reserves			
Called up share capital	19	1,000,000	2
Other reserves	20	44,508	125,574
Profit and loss account	20	3,793,217	3,546,477
		<u><u>4,837,725</u></u>	<u><u>3,672,053</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12 April 2019.

P A Reade
Director

The notes on pages 14 to 28 form part of these financial statements.

Q.F.S. SCAFFOLDING LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £	Capital contribution reserve £	Profit and loss account £	Total equity £
At 1 January 2017	2	224,926	2,498,945	2,723,873
Comprehensive income for the year				
Profit for the year	-	-	1,047,532	1,047,532
Capital contribution movement on intercompany loan	-	(99,352)	-	(99,352)
Other comprehensive income for the year	-	(99,352)	-	(99,352)
Total comprehensive income for the year	-	(99,352)	1,047,532	948,180
Total transactions with owners	-	-	-	-
At 1 January 2018	2	125,574	3,546,477	3,672,053
Comprehensive income for the year				
Profit for the year	-	-	546,740	546,740
Capital contribution movement on intercompany loan	-	(81,066)	-	(81,066)
Other comprehensive income for the year	-	(81,066)	-	(81,066)
Total comprehensive income for the year	-	(81,066)	546,740	465,674
Dividends: Equity capital	-	-	(300,000)	(300,000)
Shares issued during the year	999,998	-	-	999,998
Total transactions with owners	999,998	-	(300,000)	699,998
At 31 December 2018	1,000,000	44,508	3,793,217	4,837,725

The notes on pages 14 to 28 form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	546,740	1,047,532
Adjustments for:		
Depreciation of tangible assets	759,818	788,922
Loss on disposal of tangible assets	(19,489)	(22,943)
Interest paid	198,320	181,797
Taxation charge	(336,327)	266,874
(Increase)/decrease in debtors	(981,847)	123,493
(Increase) in amounts owed by groups	(39,857)	(22,279)
Increase in creditors	548,498	68,891
(Decrease) in amounts owed to groups	(845,149)	(610,033)
Corporation tax (paid)	(294,839)	(540,250)
Corporation tax refunds received	248,831	-
Net cash generated from operating activities	(215,301)	1,282,004
Cash flows from investing activities		
Purchase of tangible fixed assets	(182,270)	(881,419)
Sale of tangible fixed assets	31,086	82,515
HP interest paid	(85,890)	(71,121)
Net cash from investing activities	(237,074)	(870,025)
Cash flows from financing activities		
Issue of ordinary shares	999,998	-
New secured loans	100,000	-
Repayment of loans	(24,920)	-
Repayment of/new finance leases	(513,929)	(538,608)
Dividends paid	(300,000)	-
Interest paid	(112,430)	(110,676)
Net cash used in financing activities	148,719	(649,284)
Net (decrease) in cash and cash equivalents	(303,656)	(237,305)
Cash and cash equivalents at beginning of year	1,073,527	1,310,832
Cash and cash equivalents at the end of year	769,871	1,073,527
Cash and cash equivalents at the end of year comprise:		

Q.F.S. SCAFFOLDING LIMITED

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £	2017 £
Cash at bank and in hand	1,013,780	1,073,527
Bank overdrafts	(243,909)	-
	<u>769,871</u>	<u>1,073,527</u>

The notes on pages 14 to 28 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. General information

Q.F.S. Scaffolding Limited is a private company limited by shares and incorporated in England under registered number 04826578. Its registered office and principal place of business is at Westminster House, Denton Wharf, Mark Lane, Gravesend, Kent, DA12 2PL.

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 Going concern

The directors have made appropriate enquiries and obtained confirmation that the Company has continued support for a period of at least twelve months from the date of signature of these financial statements from its ultimate parent undertaking and have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they have adopted the going concern basis in preparing the annual report and accounts.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Income Statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Income Statement within 'other operating income'.

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

2. Accounting policies (continued)

2.4 Revenue

Turnover represents the fair value of consideration received or receivable, net of value added tax, rebates and discounts, of goods provided to customers and work carried out in respect of services provided to customers.

Turnover arises from increases in valuations on contracts and is normally determined by external valuations. It is the gross value of work carried out for the period to the balance sheet date (including retentions) but excludes claims until they are actually certified.

2.5 Interest income

Interest income is recognised in the Income Statement using the effective interest method.

2.6 Finance costs

Finance costs are charged to the Income Statement 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.

2.7 Borrowing costs

All borrowing costs are recognised in the Income Statement in the year in which they are incurred.

2.8 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 Income Statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

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

2. Accounting policies (continued)

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, 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.

2.10 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, using the straight-line method.

Depreciation is provided on the following basis:

Yard improvements	- over 20 years
Plant and machinery	- over 1, 2, 3, 4, 5, 10 or 15 years
Motor vehicles	- over 3, 4 and 5 years
Office equipment	- over 3 years

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 Income Statement.

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

2. Accounting policies (continued)

2.11 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.

2.12 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.

2.13 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.

2.14 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 Income Statement 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 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 non-puttable ordinary shares.

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 debtors and creditors, 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 the 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.15 Financial instruments (continued)

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.

2.16 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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

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

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

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

4. Turnover

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

	2018 £	2017 £
Services rendered	14,588,188	14,340,595
	<u>14,588,188</u>	<u>14,340,595</u>

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	14,588,188	14,340,595
	<u>14,588,188</u>	<u>14,340,595</u>

5. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Exchange differences	-	(114,974)
	<u>-</u>	<u>(114,974)</u>

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

6. Employees

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

	2018 £	2017 £
Wages and salaries	7,795,139	7,503,842
Social security costs	745,488	659,249
Cost of defined contribution scheme	125,493	36,651
	<u>8,666,120</u>	<u>8,199,742</u>

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

	2018 No.	2017 No.
Administration	22	17
Distribution and installation	110	113
	<u>132</u>	<u>130</u>

7. Directors' emoluments

	2018 £	2017 £
Directors' emoluments	303,737	383,022
Company contributions to defined contribution pension schemes	53,806	1,174
	<u>357,543</u>	<u>384,196</u>

During the year retirement benefits were accruing to 3 directors (2017 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £120,500 (2017 - £114,723).

Included in the directors' emoluments figure above are the monetary value of benefits in kind provided amounting to £3,943 (2017: £18,104).

Q.F.S. SCAFFOLDING LIMITED

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

8. Interest receivable

	2018 £	2017 £
Other interest receivable	517	55
	<u>517</u>	<u>55</u>

9. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	1,879	-
Other loan interest payable	110,550	110,676
Finance leases and hire purchase contracts	85,890	71,121
	<u>198,319</u>	<u>181,797</u>

10. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	(341,467)	249,839
	<u>(341,467)</u>	<u>249,839</u>
Total current tax	<u>(341,467)</u>	<u>249,839</u>
Deferred tax		
Origination and reversal of timing differences	5,140	17,035
	<u>5,140</u>	<u>17,035</u>
Total deferred tax	<u>5,140</u>	<u>17,035</u>
Taxation on (loss)/profit on ordinary activities	<u>(336,327)</u>	<u>266,874</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

10. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is the same as (2017 - the same as) the standard rate of corporation tax in the UK of 19% (2017 - 19%) as set out below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>210,413</u>	<u>1,314,406</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19%)	39,978	249,737
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	23,750	26,225
Capital allowances for year in excess of depreciation	3,178	(26,123)
Adjustments to tax charge in respect of sale of fixed assets	(3,703)	-
Short term timing difference leading to an increase (decrease) in taxation	5,140	17,035
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(404,670)	-
Total tax charge for the year	<u>(336,327)</u>	<u>266,874</u>

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantially enacted as part of Finance Bill 2016 (in September 2016). These include reductions to the main rate to reduce the rate to 17% from April 2020. Deferred taxes at the Statement of Financial Position date have been measured using these enacted tax rates and reflected in these financial statements.

11. Dividends

	2018 £	2017 £
Dividends on ordinary shares	300,000	-
	<u>300,000</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

12. Tangible fixed assets

	Yard improvements £	Plant and machinery £	Total £
Cost or valuation			
At 1 January 2018	475,440	7,354,477	7,829,917
Additions	-	182,270	182,270
Disposals	-	(160,697)	(160,697)
	<u>475,440</u>		
At 31 December 2018	<u>475,440</u>	<u>7,376,050</u>	<u>7,851,490</u>
Depreciation			
At 1 January 2018	110,813	2,471,029	2,581,842
Charge for the year on owned assets	24,284	735,533	759,817
Disposals	-	(149,100)	(149,100)
	<u>135,097</u>		
At 31 December 2018	<u>135,097</u>	<u>3,057,462</u>	<u>3,192,559</u>
Net book value			
At 31 December 2018	<u>340,343</u>	<u>4,318,588</u>	<u>4,658,931</u>
At 31 December 2017	<u>364,627</u>	<u>4,883,448</u>	<u>5,248,075</u>

The net book value of land and buildings may be further analysed as follows:

	2018 £	2017 £
Freehold	340,343	364,627
	<u>340,343</u>	<u>364,627</u>

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

13. Debtors

	2018 £	2017 £
Trade debtors	2,203,172	1,894,560
Amounts owed by group undertakings	62,136	22,279
Other debtors	144,600	6,967
Prepayments and accrued income	741,272	68,035
	<u>3,151,180</u>	<u>1,991,841</u>

14. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	1,013,780	1,073,527
Less: bank overdrafts	(243,909)	-
	<u>769,871</u>	<u>1,073,527</u>

15. Creditors: Amounts falling due within one year

	2018 £	2017 £
Bank overdraft	243,909	-
Bank loan	39,162	-
Trade creditors	1,168,726	1,008,681
Amounts owed to group undertakings	127,356	359,316
Corporation tax	-	249,839
Other taxation and social security	1,160,004	797,635
Obligations under finance lease and hire purchase contracts	478,910	513,552
Other creditors	79,004	52,920
Accruals and deferred income	19,950	19,950
	<u>3,317,021</u>	<u>3,001,893</u>

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

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

	2018 £	2017 £
Bank loan	35,918	-
Net obligations under finance leases and hire purchase contracts	-	479,287
Amounts owed to group undertakings	292,157	824,280
	<u>328,075</u>	<u>1,303,567</u>

The following liabilities were secured:

	2018 £	2017 £
Bank overdraft and loan	318,989	-
	<u>318,989</u>	<u>-</u>

Details of security provided:

Debentures registered at Companies House (see note 24).

17. Loans

Analysis of the maturity of loans is given below:

	2018 £	2017 £
Amounts falling due within one year		
Bank loans	39,162	-
	<u>39,162</u>	<u>-</u>
Amounts falling due 1-2 years		
Bank loans	35,918	-
	<u>35,918</u>	<u>-</u>
	<u>75,080</u>	<u>-</u>

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

18. Deferred taxation

	2018 £	2017 £
At beginning of year	(335,930)	(318,895)
Charged to profit or loss	(5,140)	(17,035)
At end of year	(341,070)	(335,930)

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	(341,070)	(335,930)
	(341,070)	(335,930)

19. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
1,000,000 (2017 - 2) Ordinary shares of £1.00 each	1,000,000	2

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20. Reserves

Other reserves

The capital contribution reserve is an equity account created to recognise the difference in the intercompany loan received from the immediate holding company, Westminster Gulf W.L.L., on its restatement at amortised cost as required under FRS 102. The actual terms of the loan are that it is repayable in equal annual instalments, at an interest rate of 4% per annum, by 31 December 2021 (previously 31 December 2020). It is considered however that an interest rate of 9.5% per annum more accurately represents a market rate of interest and the balance at each year-end has thus been restated to reflect this.

Profit and loss account

The profit and loss account represents the net distributable reserves of the company at the date of the statement of financial position.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

21. Pension commitments

The Company operates a defined contributions 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 £125,494 (2017 - £36,651). Contributions totalling £12,930 (2017: £1,086) were payable to the fund at the reporting date.

22. Commitments under operating leases

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

	2018 £	2017 £
Not later than 1 year	266,199	161,040
Later than 1 year and not later than 5 years	498,880	509,989
Later than 5 years	286,506	330,027
	<u>1,051,585</u>	<u>1,001,056</u>

23. Finance lease commitments

The company did not have any finance lease commitments existing at the reporting date in respect of contracts entered into but whose inception occurs after the reporting date.

24. Mortgages and charges

A debenture containing fixed and floating charges and negative pledges, created by the company in favour of Lloyds Bank plc, was dated and registered at Companies House on 13 June 2017.

A further debenture containing fixed and floating charges and negative pledges, created by the company in favour of Lloyds Bank Commercial Finance Ltd, was dated 28 June 2018 and registered at Companies House on 4 July 2018.

25. Related party transactions

The company has taken advantage of the exemption from disclosing transaction with the group companies on the basis that the company is a wholly owned member.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

26. Controlling party

The immediate holding company is Westminster Gulf W.L.L., a company registered in the Kingdom of Bahrain and located at P.O. Box 31238, Diraz, Bahrain.

The ultimate holding company is Mohammed Jalal and Sons Co. W.L.L., a company registered in the Kingdom of Bahrain. Copies of the consolidated accounts may be obtained from P.O. Box 113, Manama, Bahrain. In the opinion of the directors, there is no ultimate controlling party of the Westminster group.

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