

LABTECH SERVICES LIMITED

Registered Number: SC083070

Annual Report for the year ended 31 March 2021

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Strategic Report

Strategic Report for the year ended 31 March 2021

The directors present their Strategic Report on the Company for the year ended 31 March 2021.

Principal activities

The principal activity of the company was the rental of pressurised buildings (modules) for hazardous and non-pressurised modules for safe area use on offshore drilling and production assets predominantly in the Oil and Gas Industry. As a complimentary service, the company also provides a spares, repairs and maintenance service.

Review of the business

Sales in the year ended 31 March 2021 amounted to £1,300,894 (2020: £1,896,770), a decrease of 31.42% from the previous year.

The profit for the financial year, after taxation was £248,612 (2020: £89,607 Loss).

The financial position of the Company is shown on the "Statement of Financial Position" on page 10.

Key performance indicators

Given the straight forward nature of the business, the directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategies are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to profitable revenue generation, competition from both local and International competitors, employee retention and product availability.

We confirm that all subsequent events as a result of the coronavirus COVID-19, do not result in the need for additional explanations in the present annual report. At the time of preparing these financial statements there is, to the best of our knowledge with carefully consideration of all facts and circumstances, there is no severe uncertainty about the continuity of our organisation and therefore no inevitable discontinuity. Based on our current situation and the measures of our Government, we therefore see no reason to doubt the positive assumption of continuity. Our opinion is therefore that the accounting principles applied to the valuation of assets and liabilities and determination of results in these financial statements should be based on the assumption of continuity of the company.

More detail on the financial risks faced by the company can be found within the Directors' Report.

On behalf of the board



Ian Rogers

Director

7 June 2021

Directors' Report

Directors' Report for the year ended 31 March 2021

The directors present their Report and the audited financial statements of the Company for the year ended 31 March 2021.

Future developments

The directors expect the financial year will have its challenges but that the focussed company is well positioned to seize on any possible opportunities. The focus will continue to be on Hire, Service, Maintenance and Refurbishment works

Dividends

No dividends were paid in the year and none are recommended to be paid in respect of the year ended 31st March 2021.

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of changes in market prices, credit risk, liquidity risk and interest rate risk. The Company has in place a risk review process that seeks to limit the adverse effects on its financial performance by monitoring levels of debt finance and the related finance costs.

Given the size of the Company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Company's finance team and key senior managers.

Price risk

The company has very little exposure to commodity price risk as a result of its operations, and therefore does not have a specific price risk policy in place. The directors will continue to monitor this situation and revisit the appropriateness of a policy should the company's operations change in size or nature.

Liquidity risk

The company policy is to ensure that sufficient liquidity is available to meet the foreseeable needs and to invest cash assets safely and profitably. The Company limits its liquidity risk by retaining sufficient funds generated from operations. The Company's terms of sales/purchases require amounts to be paid/settled as per the terms agreed with the customers/suppliers.

Credit rate risk

The company policy is to minimise exposure to losses of defaulting customers. Customer credit risk is managed subject to the Company's established policy, procedures and control relating to customer credit risk management. The Company seeks to limit the credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables. Credit limits are established for all customers based on internal rating criteria. Outstanding customer receivables are regularly monitored.

Directors

The Directors of the company were

- Philip Bond
- David Charles Knights
- Ian Stuart Rogers

Company Secretary

- Kurt Mathiasen

Directors' Report (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report and 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 prepared the financial statements in accordance with applicable laws and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

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 statement, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements
- Notify the company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of the financial statements: and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Disclosure of Information to Auditors


As far as each director is aware, there is no relevant audit information of which the company's auditors are unaware and that each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent Auditors

Patara is a trading style of TS Patara & Co Ltd
ICAEW - Chartered Accountants and Statutory Auditors
352 Bearwood Rd, Bearwood, Birmingham, B66 4ET

The financial statements of the company have been audited by T S Patara & Co. Ltd who, retire and being eligible, offer themselves for reappointment for 2021.

On behalf of the Board


Ian Rogers
Director
7 June 2021

Independent auditors' report to the members of Labtech Services Limited

Opinion

We have audited the financial statements of Labtech Services Limited (the 'company') for the year ended 31 March 2021 which comprise the Statement of comprehensive income, the Statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (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 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern.

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditors' report to the members of Labtech Services Limited (continued)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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 and the directors' report.

We have nothing to report in respect of the following matters where 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, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Independent auditors' report to the members of Labtech Services Limited (continued)

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the hire of equipment and supply of spares and servicing of equipment;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 3 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators including the Health and Safety Executive, and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

**Independent auditors' report to the members of Labtech Services Limited
(continued)**

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

T S Patara

**Talwinder Patara BSc (Hons) BFP FCA FRSA (Senior Statutory Auditor)
For and on behalf of Patara is a trading style of TS Patara & Co Ltd
ICAEW - Chartered Accountants
Statutory Auditor**

Statement of comprehensive income

	Note	Year Ended 31 March 2021 £	Year Ended 31 March 2020 £
Revenue	5	1,300,894	1,896,770
Cost of Sales		(536,624)	(1,416,131)
Gross Profit		764,270	480,639
Administrative Expenses		(519,231)	(561,741)
Other operating income/(loss)		5,783	(2,624)
Operating profit/(loss)	6	250,822	(83,726)
Profit/(Loss) on ordinary activities before interest and taxation		250,822	(83,726)
Finance Income	9	3	385
Profit/(Loss) on ordinary activities before interest and taxation		250,825	(83,341)
Income tax expense on ordinary activities	10	(2,213)	(6,266)
Profit/(Loss) and total comprehensive income for the financial year		248,612	(89,607)

Statement of financial position

	Note	As at 31 March 2021 £	As at 31 March 2020 £
Fixed Assets			
Property, plant and equipment	11	973,478	434,230
		973,478	434,230
Investments	12	2,974,785	2,974,785
Current Assets			
Inventory	13	19,207	66,104
Trade and other receivables	14	379,339	1,505,740
Cash and cash equivalents		791,642	111,760
		1,190,188	1,683,604
Creditors: amounts falling due within one year	15	(4,005,019)	(4,207,799)
Net Current Liabilities/Assets		(2,814,831)	(2,524,195)
Total assets less current liabilities		1,133,432	884,820
Net Assets		1,133,432	884,820
Equity			
Ordinary Shares	16	3,487	3,487
Revaluation Reserve		408,215	408,215
Retained earnings		721,730	473,118
Total Shareholders' funds		1,133,432	884,820

The notes on pages 12 to 22 are an integral part of these financial statements.

The financial statements on pages 9 to 22 were authorised for issue by the board of directors on 7 June 2021 and were signed on its behalf.



Ian Rogers
Director
Labtech Services Limited
Registered no. SC083070

Statement of changes in equity

	Ordinary Shares £	Other reserves £	Retained Earnings £	Total
At 1 April 2019	3,487	408,215	562,725	974,427
Loss for the year	-	-	(89,607)	(89,607)
At 31 March 2020	3,487	408,215	473,118	884,820
Profit for the year	-	-	248,612	248,612
At 31 March 2021	3,487	408,215	721,730	1,133,432

Notes to the financial statements

1. General Information

Labtech Services Limited ("the company") activity was the rental of pressurised buildings (modules) for hazardous and non-pressurised modules for safe area use on offshore drilling and production assets predominantly in the Oil and Gas Industry. As a complimentary service, the company also provides a spares, repairs and maintenance service.

The company is a private limited company and is incorporated and domiciled in the UK. The address of its registered office is Unit 10 Wellheads Terrace, Wellheads Industrial Estate, Dyce, Aberdeen, Scotland, AB21 7GF.

2. Summary for significant accounting policies

The principle accounting policies applied in the preparation of these financial statements are set out below.

2.1 Basis of Preparation

The financial statements of the Company have been prepared in accordance with United Kingdom Accounting Standards - in particular FRS 101 - and the Companies Act 2006 ("the Act"). FRS 101 sets out a reduced disclosure framework for a "qualifying entity", as defined in the Standard, which addressed the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted International Financial Reporting Standards ("IFRSs"). The financial statements have been prepared under the historic cost convention and in accordance with the Companies Act 2006.

The Company is a qualifying entity for the purposes of FRS 101. Note 19 give details of the Company's ultimate parent and from where consolidated financial statements prepared in accordance with IFRS may be obtained.

The application of FRS 101 has enabled the Company to take advantage of certain disclosure exemptions that would have been required had the Company adopted International Financial Reporting Standards in full. The only such exemptions that the directors consider to be significant are:

- no detailed disclosures in relation to financial instruments;
- no cash flow statement;
- no disclosure of related party transactions with fellow 100% subsidiaries of Specialist Services Holdings Limited;
- no statement regarding the potential impact of forthcoming changes in financial reporting standards;
- no disclosure of "key management compensation" for key management other than the directors, and
- no disclosures relating to the Company's policy on capital management.

The Company has notified its shareholders in writing about, and they do not object to, the use of the disclosure exemptions used by the Company in these financial statements.

2.1.1 Going Concern

The company meets its day-to-day working capital requirements through its cash reserves and loans from parent company. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Notes to the financial statements (continued)

2. Summary for significant accounting policies (continued)

2.2 Consolidation

The company is a wholly owned subsidiary of Specialist Services Holdings Limited. It is included in the consolidated financial statements of Specialist Services Holdings Limited, which are publically available. Therefore the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ("the functional currency"). The financial statements are presented in 'Pounds Sterling' (£) which is also the company's functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transaction or valuation where items are re-measured. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2.4 Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost of includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight line method to allocate their costs or revalued amounts to their residual value over their estimated useful lives, as follows:

Plant and equipment	3 - 4 years
Fixtures and Fittings	4 – 5 years
Hire Cabins	20 years
Leasehold improvements	over the period of the lease

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within 'Other Income' in the income statement.

When revalued assets are sold, the amounts included in Revaluation reserve are transferred to retained earnings.

Notes to the financial statements (continued)

2. Summary for significant accounting policies (continued)

2.5 Financial Assets

The company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classed as non-current assets. The company's loans and receivables comprise receivables and cash in the balance sheet.

Financial assets are derecognised when the rights to receive cash flows from investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset ('a loss event') and that loss event (or events) has an impact on the estimated future cash-flows of the financial asset or group of financial assets that can be reliably estimated.

2.6 Trade and other receivables

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not they are recognised as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.7 Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits held at call with banks.

2.8 Creditors

Creditors are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers.

Creditors are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method

2.9 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

Notes to the financial statements (continued)

2. Summary for significant accounting policies (continued)

2.9 Current and deferred income tax (continued)

The current income charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where applicable on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting or taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be made available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxed levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.10 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the funds in respect of the year.

2.11 Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the company's activities. Revenue is recognised in the accounting period in which the services are rendered, when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for recognising the contract revenue.

Contract revenue is recognised under the percentage of completion method. When the outcome of the services provided can be reliably estimated, revenue is recognised by reference to the proportion that accumulated costs up to the year-end bear to the estimated total costs of the contract. When a contract is at an early stage and its outcome cannot be reliably estimated revenue is recognised to the extent of costs incurred up to the year-end which are considered recoverable.

Revenue relating to claims and variations is not recognised unless negotiations have reached an advanced stage such that it is probable that the customer will accept the claim/variation and the amount of the claim/variation can be measured reliably.

Losses are assessed on an individual service contract basis and a provision is made for the full amount of the anticipated losses, including any losses relating to future work, in the period in which the loss is first foreseen.

Notes to the financial statements (continued)

2. Summary for significant accounting policies (continued)

2.11 Revenue Recognition (continued)

Progress billings are amounts billed for work performed on a contract whether or not they have been paid by a customer. In determining contract costs incurred up to the year-end, any costs relating to future activity on a contract are excluded. The aggregate of the costs incurred and the profit/loss recognised on each contract is compared against the progress billings up to the year end. Where the sum of the cost incurred and recognised profit or recognised loss exceeds the progress billings, the balance is shown under trade and other receivables as "due from customers on contracts". Where the progress billings exceed the sum of costs incurred and recognised profit or recognised loss, the balance is shown under trade and other payables as "due to customers on contracts".

Income from Hire Units is recognised on an accrual basis in accordance with the substance of the relevant hire agreements.

3. Critical accounting estimates and judgments

Estimates and judgements 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.

3.1 Critical accounting estimates and assumptions

The company make 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:

Revenue Recognition

The company uses percentage completion method in accounting for its sale of services. Use of the percentage of completion method requires the company to estimate the services performed to date as a proportion of the total services to be performed. When the outcomes of the contract can be reliably estimated, revenue is recognised by reference to the proportion that accumulated costs up to the year- end bear to the estimated costs of the contract. When the contract is at an early stage and its outcome cannot be reliably estimated, revenue is recognised to the extent of costs incurred which are considered recoverable. Losses are recognised as soon as they are foreseen and a provision is made of the full amount of the anticipated losses.

4. Financial Instruments

The company has no financial assets measured at fair value through the profit or loss.

Notes to the financial statements (continued)**5. Revenue**

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and unbilled work in progress and is attributable to the principle activities, as stated in the strategic report. All turnover relates to work originating in the United Kingdom.

A geographical analysis of turnover by destination is presented as follows:

	2021	2020
	£	£
United Kingdom	736,893	474,768
Middle East	221,242	451,513
Africa	124,468	165,862
Rest of World	218,291	804,627
	1,300,894	1,896,770

An analysis of turnover by each category of revenue is presented as follows:

	2021	2020
	£	£
Modular Building	178,727	945,957
Spares, Repairs & Maintenance	507,371	577,267
Hires	614,796	373,546
	1,300,894	1,896,770

6. Operating Profit

The operating profit for the year and for previous year is stated after charging:

	2021	2020
	£	£
Reorganisation expense – renunciation of property lease	-	-
Depreciation of tangible fixed assets		
- owned by the company	96,192	35,691
- held under finance leases	-	-
Gain on disposal of property, plant and equipment	-	-
Impairment of trade receivables	30,585	-
Impairment of inventory	-	-
Operating lease/rent charges		
- property	78,638	74,433
Foreign exchange (gain)/losses on trade receivables	(4,380)	3,478
Audit fees payable to the company's auditors	9,000	9,000

Notes to the financial statements (continued)**7. Employees and directors**

	2021	2020
	£	£
Wages and salaries	337,087	314,109
Social security costs	35,207	31,216
Other pension costs	13,227	7,150
Staff Costs	385,521	352,476

The average monthly number of persons (including executive directors) employed by the company during the year was:

By activity	2021	2020
	No.	No.
Administration, technical, sales	7	6
	7	6

8. Directors

No remuneration was paid to, or waived by, the directors during the current or prior year in respect of services provided by the Company. During the year no directors accrued retirement benefits (2020 – Nil) in respect of defined contribution pension schemes.

9. Interest Income

	2021	2020
	£	£
Interest Income	3	385
	3	385

Notes to the financial statements (continued)**10. Income Tax**

Tax expense included in profit or loss	2021	2020
	£	£
Foreign tax:		
- Corporation tax	2,213	6,266
Total tax on profit on ordinary activities	2,213	6,266

The tax assessed for the current period is 19% (2020: 19%). The tax differences are explained below:

	2021	2020
	£	£
Profit/(Loss) on ordinary activities before taxation	250,825	(83,341)
Profit/(Loss) multiplied by the standard rate of tax in the UK of 19% (2020:19%)	47,657	(15,835)
Effects of:		
Fixed asset differences	(19,865)	6,781
Miscellaneous deductions	(1,269)	(1,340)
Foreign tax credits	2,213	6,266
Deferred tax not recognised	(26,523)	10,394
Tax charge for the period	2,213	6,266

Further reductions to the UK Corporation tax rates were substantively enacted as part of the Finance Bill 2015.

Notes to the financial statements (continued)**11. Property, plant and equipment**

	Leasehold improvements	Plant and equipment	Hire Cabins	Fixtures and fittings	Total
	£	£	£	£	£
Cost or valuation					
At 31 March 2020	309,059	503,362	685,366	47,344	1,545,131
Addition	-	496	648,673	-	649,169
Disposals	-	-	(14,265)	-	(14,265)
Cost as at 31 March 2021	309,059	503,858	1,319,774	47,344	2,180,035
Accumulated depreciation and impairment					
At 31 March 2020	(309,059)	(495,297)	(259,201)	(47,344)	(1,110,901)
Charge for the year	-	(4,777)	(91,415)	-	(96,192)
Disposals	-	-	536	-	536
Accumulated depreciation and impairment at 31 March 2021	(309,059)	(500,074)	(350,080)	(47,344)	(1,206,557)
Net Book amount at 31 March 2021	-	3,784	969,694	-	973,478
Net Book amount at 31 March 2020	-	8,065	426,165	-	434,230

12. Investments

	Total
Investment in Subsidiary	£
Cost or Valuation	
At 1 April 2020	2,974,785
At 31 March 2021	2,974,785
Net book value	
At 1 April 2020	2,974,785
At 31 March 2021	2,974,785

Notes to the financial statements (continued)**12. Investments (continued)****Subsidiary undertaking**

The following were subsidiary undertaking of the Company:

Name	Holding	Principal activity	Registered office
Labtech Services US LLC.	100%	Holding of membership units in Specialist Services RedGuard LLC.	1209 Street, Wilmington, Delaware, 19801.

13. Inventories

	2021	2020
	£	£
Raw materials and consumables	19,207	66,104
	19,207	66,104

14. Trade and other receivables

	2021	2020
	£	£
Trade receivables	252,581	480,891
Amounts owed by group undertakings	78,800	93,405
Other receivables	28,443	103,537
Prepayments and accrued income	19,515	827,907
	379,339	1,505,740

Trade receivables are stated after provisions for impairment of £24,565 (2020: £780).

15. Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade Creditors	11,021	49,048
Amounts owed to group undertakings	3,868,917	4,072,106
Taxation and social security	43,921	-
Other creditors	2,589	1,912
Accruals and deferred income	78,571	84,733
	4,005,019	4,207,799

Amounts owed to group undertakings are unsecured, repayable on demand and interest free.

Notes to the financial statements (continued)**16. Share Capital****Ordinary shares at £0.10 each**

Allotted and fully paid	2021 Number	2021 £
At 1 April		
- "A" shares	2,470	247
- "B" shares	32,400	3,240
At 31 March	34,870	3,487

There was no movement in the number or value of the shares in the financial year.

All shares rank pari passu in all respects.

17. 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 £13,227 (2020: £7,150). Contributions totalling £2,589 (2020: £1,912) were payable to the fund at the balance sheet date and are included in creditors.

18. Related party transactions

Labtech Services Limited is a wholly owned subsidiary of Specialist Services Holdings Limited, the consolidated financial statements of which are publicly available.

The company has taken advantage of the exemption available in FRS 101 not to disclose any transactions on the grounds that it is a subsidiary where 100% of the voting rights are controlled by the group.

19. Controlling parties

The immediate and ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Specialist Services Holdings Limited, a company incorporated in the British Virgin Islands.

Copies of Specialist Services Holdings Limited consolidated financial statements can be obtained from Specialist Services Holdings Limited at Centre of Excellence, Jebel Ali Industrial Area1. PO Box 2752, Dubai, United Arab Emirates.