



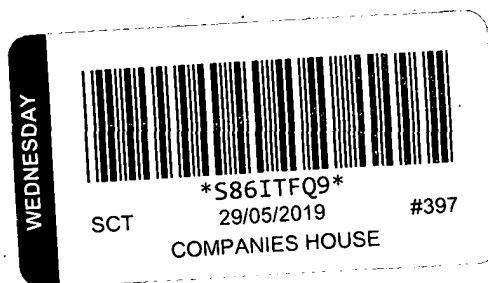
Scott-Moncrieff
business advisers and accountants

GHI CONTRACTS LIMITED

Company registration number SC152713

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018



GHI CONTRACTS LIMITED

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GHI CONTRACTS LIMITED

COMPANY INFORMATION

Directors	G Cairns S Hunter C Sibbald
Company secretary	S Hunter
Registered number	SC152713
Registered office	Belgrave Court Rosehall Road Bellshill Industrial Estate Bellshill ML4 3NR
Independent auditor	Scott-Moncrieff Chartered Accountants 25 Bothwell Street Glasgow G2 6NL
Bankers	Royal Bank of Scotland 253 Main Street Bellshill ML4 1AN
Solicitors	Dentons UK and Middle East LLP 1 George Square Glasgow G2 1AL

GHI CONTRACTS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2018

Introduction

The directors present their strategic report and the financial statements of the company for the year ended 31 August 2018.

Principal activities and business review

The principal activity of the company is that of commercial interior refurbishment and fit-out.

The directors are pleased to have achieved our turnover target for 2017/18 however are disappointed not to have achieved the profitability we expected. This is primarily down to 2 relatively high value contracts that did not return their expected profit margin. The losses for these contracts are taken in full in the accounts for 2017/18 and as such, no further costs associated with these projects will affect the forthcoming year.

Results and dividends

The loss for the year, after taxation, amounted to £2,137 (2017 - profit £563,269).

Dividends of £680,000 (2017 - £212,500) were paid to the parent company GHI Contracts Holdings Limited to facilitate with a share buyback agreement.

Future developments

The company will continue to seek business outside its current client base, whilst continuing to maintain the high standards that our existing clients have come to expect.

Principal risks and uncertainties

We expect the coming year to present stable trading conditions in terms of opportunities and turnover, however we expect continued pressure on margin to persist. The directors believe that our current secured workload, corporate client base and robust operating procedures will ensure the business remains profitable in 2019. Our business plan is to achieve additional market share in our core sectors and secure further medium term contracts to those already in place.

Financial key performance indicators

The board of directors meet monthly to review the detailed monthly management accounts, develop our future strategies and review performance against key performance indicators.

Disabled employees

The company recognises its obligations towards disabled persons and endeavours to provide as many employment, training and career opportunities as the demands of the company's operations and the abilities of the disabled persons allow.

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



G Cairns
Director

Date: 30 April 2019

GHI CONTRACTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2018

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

Matters covered in the strategic report

The information regarding the principal activities, review of the business, results and dividends, future developments, principal risks and uncertainties, financial key performance indicators and disabled employees is shown in the Strategic Report and not in the Directors' Report.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

Directors

The directors who served during the year and up to the date these financial statements were signed were:

G Holmes (resigned 20 December 2017)
G Cairns
S Hunter
C Sibbald

Going concern

The directors have considered the trading outlook for the company, having taken in to account possible changes in trading performance, and have determined that the company will be able to operate within its existing cash resources and cash flow from future trading activities. The directors, therefore, have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

GHI CONTRACTS LIMITED

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

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

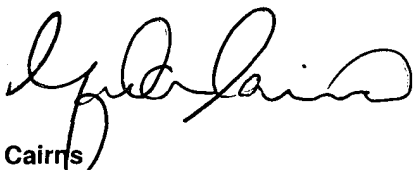
Post balance sheet events

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

Auditor

The auditor, Scott-Moncrieff, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



G Cairns
Director

Date: 30 April 2019

GHI CONTRACTS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GHI CONTRACTS LIMITED

Opinion

We have audited the financial statements of GHI Contracts Limited for the year ended 31 August 2018, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the notes to the financial statements, 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 August 2018 and of its loss 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 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 audit opinion.

Conclusions relating to going concern

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

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

GHI CONTRACTS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GHI CONTRACTS LIMITED (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Report, other than the financial statements and our Auditor's 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.

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.

GHI CONTRACTS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GHI CONTRACTS LIMITED (CONTINUED)

Responsibilities of the directors

As explained more fully in the Directors' Responsibilities Statement on page 3, 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.

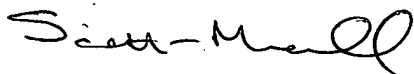
Auditor's responsibilities for the audit of the financial statements

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 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. The 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, as a body, 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.



Bernadette Higgins (Senior Statutory Auditor)
for and on behalf of
Scott-Moncrieff, Statutory Auditor
Chartered Accountants
Glasgow
G2 6NL

2 May 2019

GHI CONTRACTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Turnover	4	30,577,304	24,353,371
Cost of sales		(28,573,701)	(21,648,471)
Gross profit		2,003,603	2,704,900
Administrative expenses		(2,074,275)	(2,070,096)
Other operating income	5	71,565	53,475
Operating profit	6	893	688,279
Interest receivable and similar income	9	2,575	1,919
Interest payable and similar charges	10	(5,605)	(5,757)
(Loss)/profit before tax		(2,137)	684,441
Tax on (loss)/profit	11	-	(121,172)
(Loss)/profit for the financial year		(2,137)	563,269
Other comprehensive income		-	-
Total comprehensive income for the year		(2,137)	563,269

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

The notes on pages 11 to 25 form part of these financial statements.


The results for the current and prior year have been derived wholly from continuing operations.

GHI CONTRACTS LIMITED
REGISTERED NUMBER:SC152713

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	13	101,057	100,398
		<u>101,057</u>	<u>100,398</u>
Current assets			
Stocks	14	607,460	1,265,085
Debtors	15	5,742,087	6,109,129
Cash at bank and in hand	16	2,545,620	3,304,145
		<u>8,895,167</u>	<u>10,678,359</u>
Creditors: amounts falling due within one year	17	(7,568,278)	(8,616,417)
Net current assets		<u>1,326,889</u>	<u>2,061,942</u>
Total assets less current liabilities		<u>1,427,946</u>	<u>2,162,340</u>
Creditors: amounts falling due after more than one year	18	(304,187)	(356,444)
Net assets		<u><u>1,123,759</u></u>	<u><u>1,805,896</u></u>
Capital and reserves			
Called up share capital	20	850,002	850,002
Profit and loss account	21	273,757	955,894
		<u><u>1,123,759</u></u>	<u><u>1,805,896</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 April 2019.


G Cairns
 Director

The notes on pages 11 to 25 form part of these financial statements.

GHI CONTRACTS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2018

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 September 2017	850,002	955,894	1,805,896
Loss for the year	-	(2,137)	(2,137)
Dividends: Equity capital (see note 12)	-	(680,000)	(680,000)
At 31 August 2018	850,002	273,757	1,123,759

The notes on pages 11 to 25 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2017

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 September 2016	850,002	605,125	1,455,127
Profit for the year	-	563,269	563,269
Dividends: Equity capital (see note 12)	-	(212,500)	(212,500)
At 31 August 2017	850,002	955,894	1,805,896

The notes on pages 11 to 25 form part of these financial statements.

GHI CONTRACTS LIMITED

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

1. General information

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which the company's transactions are denominated. They comprise the financial statements of the company drawn up for the year ended 31 August 2018.

The continuing activity of GHI Contracts Limited ('the company') is that of commercial interior refurbishment and fit-out.

The company is a private company limited by shares incorporated in the United Kingdom and registered in Scotland. Details of the registered office can be found on the company information page of these financial statements. The company registration number is SC152713.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with 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).

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

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44, 11.47, 11.48(a)(iii), 11.456 (A)(iv), 11.48(b) and 11.48(c); and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of GHI Contracts Holdings Limited as at 31 August 2018 and these financial statements may be obtained from Belgrave Court, Rosehall Road, Bellshill, ML4 3NR.

2.3 Going concern

The company has sufficient cash reserves and net assets to ensure it can remain in operational existence for a period of 12 months from the date on which these accounts have been signed. As a consequence, it is deemed appropriate to have these financial statements prepared on a going concern basis.

GHI CONTRACTS LIMITED

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

2. Accounting policies (continued)

2.4 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.

2.5 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.6 Finance costs

Finance costs are charged to the Statement of Comprehensive Income 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 Operating leases: the company as lessee

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

2.8 Leased assets: the company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

GHI CONTRACTS LIMITED

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

2. Accounting policies (continued)

2.9 Interest income

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

2.10 Borrowing costs

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

2.11 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of Comprehensive Income 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.

2.12 Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

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

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

2.13 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.

GHI CONTRACTS LIMITED

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

2. Accounting policies (continued)

2.14 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, on a reducing balance basis.

Depreciation is provided on the following basis:

Motor vehicles	-	25% reducing balance
Fixtures and fittings	-	25% reducing balance
Computer equipment	-	25% reducing balance

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.15 Stocks

Stocks and work in progress is valued at the lower of cost and estimated net realisable value, after making due allowance for obsolete and slow moving stock.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Long-term contract balances are stated at net costs less foreseeable losses less applicable payments on account. The amount recorded as turnover in respect of long-term contracts is ascertained by reference to the value of the work carried out to date. Attributable profit is recognised as the difference between recorded turnover and related costs.

2.16 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.17 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.

2.18 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

GHI CONTRACTS LIMITED

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

2. Accounting policies (continued)

2.18 Financial instruments (continued)

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.

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 Statement of Comprehensive Income.

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 of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the Balance Sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.19 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.

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

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The directors are satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied to the depreciation rates which have been deemed appropriate for the class of asset and the valuation of work in progress based on surveyors' valuations of work performed at the end of each accounting period.

GHI CONTRACTS LIMITED

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

4. Turnover

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

	2018 £	2017 £
Refurbishment work sales	<u>30,577,304</u>	<u>24,353,371</u>

All turnover arose within the United Kingdom.

5. Other operating income

	2018 £	2017 £
Other operating income	30,707	15,106
Government grants receivable	40,858	38,369
	<u>71,565</u>	<u>53,475</u>

6. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	28,925	32,969
Defined contribution pension costs	63,233	50,550
Auditor's remuneration	7,000	6,000
Auditor's remuneration - fees for non audit services	<u>7,500</u>	<u>12,723</u>

GHI CONTRACTS LIMITED

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

7. Employees

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

	2018 £	2017 £
Wages and salaries	2,424,527	2,482,574
Social security costs	263,975	267,724
Cost of defined contribution scheme	63,233	50,550
	<u>2,751,735</u>	<u>2,800,848</u>

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

	2018 No.	2017 No.
Administration staff	28	28
Direct labour	37	38
	<u>65</u>	<u>66</u>

8. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	249,852	301,287
Directors national insurance	37,082	46,184
Company contributions to defined contribution pension schemes	11,096	10,470
	<u>298,030</u>	<u>357,941</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 £105,506 (2017 - £116,674).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £4,480 (2017 - £4,250).

The directors of the company are regarded as the key management personnel.

GHI CONTRACTS LIMITED

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

9. Interest receivable

	2018 £	2017 £
Other interest receivable	2,575	1,919

10. Interest payable and similar expenses

	2018 £	2017 £
Finance leases and hire purchase contracts	5,605	5,757

Payments made under operating leases are in respect of the hire of plant and machinery.

11. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	-	131,334
Adjustments in respect of previous periods	-	(10,162)
	-	121,172
Total current tax	-	121,172
Deferred tax		
Total deferred tax	-	-
Taxation on profit on ordinary activities	-	121,172

GHI CONTRACTS LIMITED

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

11. Taxation (continued)

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% (2017 - 19.58%). The differences are explained below:

	2018 £	2017 £
(Loss)/profit on ordinary activities before tax	(2,137)	684,441
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.58%)	(406)	134,019
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,951	1,471
Adjustments to tax charge in respect of prior periods	-	(10,162)
Group relief	(992)	(4,778)
Adjust closing deferred tax to average rate of 19% (2017 - 20%)	(163)	527
Deferred tax not recognised	(1,390)	95
Total tax charge for the year	-	121,172

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

12. Dividends

	2018 £	2017 £
Dividends paid	680,000	212,500

Dividends of £680,000 were paid to the parent company GHI Contracts Holdings Limited to facilitate with a share buyback agreement.

GHI CONTRACTS LIMITED

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

13. Tangible fixed assets

	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 September 2017	167,306	260,048	27,251	454,605
Additions	21,995	-	12,939	34,934
Disposals	(16,909)	-	-	(16,909)
At 31 August 2018	<u>172,392</u>	<u>260,048</u>	<u>40,190</u>	<u>472,630</u>
Depreciation				
At 1 September 2017	88,954	248,391	16,862	354,207
Charge for the year	20,353	2,353	6,219	28,925
Disposals	(11,559)	-	-	(11,559)
At 31 August 2018	<u>97,748</u>	<u>250,744</u>	<u>23,081</u>	<u>371,573</u>
Net book value				
At 31 August 2018	<u>74,644</u>	<u>9,304</u>	<u>17,109</u>	<u>101,057</u>
At 31 August 2017	<u>78,352</u>	<u>11,657</u>	<u>10,389</u>	<u>100,398</u>

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

	2018 £	2017 £
Motor vehicles	<u>70,052</u>	<u>78,352</u>

The depreciation for the year includes £17,852 (2017 - £25,793) in respect of assets leased under finance leases or hire purchase contracts.

GHI CONTRACTS LIMITED

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

14. Stocks

	2018 £	2017 £
Raw materials	-	62,500
Work in progress	607,460	1,202,585
	<u>607,460</u>	<u>1,265,085</u>

15. Debtors

	2018 £	2017 £
Due after more than one year		
Other debtors	313,000	209,363
	<u>313,000</u>	<u>209,363</u>
Due within one year		
Trade debtors	3,646,429	3,975,132
Amounts owed by group undertakings	457,703	777,543
Other debtors	1,306,238	1,131,564
Prepayments and accrued income	18,717	15,527
	<u>5,742,087</u>	<u>6,109,129</u>

16. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	2,545,620	3,304,145
Less: bank overdrafts	(44,235)	(1,176)
	<u>2,501,385</u>	<u>3,302,969</u>

GHI CONTRACTS LIMITED

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

17. Creditors: Amounts falling due within one year

	2018 £	2017 £
Bank overdrafts	44,235	1,176
Trade creditors	4,387,993	4,247,009
Corporation tax	-	131,334
Other taxation and social security	194,244	342,119
Obligations under finance lease and hire purchase contracts	25,347	31,428
Other creditors	1,058,645	872,408
Accruals and deferred income	1,857,814	3,080,788
	<u>7,568,278</u>	<u>8,706,262</u>

Hire purchase creditors hold security over the respective assets financed.

The bank holds a bond and floating charge over the assets and undertakings of the company. There is an unlimited inter-company guarantee between GHI Contracts Limited and GHI Contracts Holdings Limited.

Secured creditors

Secured creditors due within one year total £69,582 (2017 - £32,604).

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

	2018 £	2017 £
Net obligations under finance leases and hire purchase contracts	26,400	37,376
Other creditors	277,787	229,223
	<u>304,187</u>	<u>266,599</u>

Secured creditors

Secured creditors due after more than one year total £26,400 (2017 - £37,376).

GHI CONTRACTS LIMITED

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

19. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2018 £	2017 £
Within one year	25,347	31,428
Between 1-5 years	26,400	21,597
Over 5 years	-	15,779
	<u>51,747</u>	<u>68,804</u>

20. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
850,001,650 (2017 - 850,001,650) Ordinary shares of £0.001 each	<u>850,002</u>	<u>850,002</u>

Ordinary shares are non-redeemable and have full voting and participation rights.

21. Reserves

Profit and loss account

The profit and loss account includes all current and prior year retained profit and losses.

22. 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 and charge represents contributions payable by the company to the fund and amounted to £63,233 (2017 - £50,550). At 31 August 2018 contributions amounting to £5,293 (2017 - £1,067) were payable to the fund and were included in creditors.

GHI CONTRACTS LIMITED

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

23. Commitments under operating leases

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

	2018 £	2017 £
Buildings		
Not later than 1 year	77,000	77,000
Later than 1 year and not later than 5 years	308,000	308,000
Later than 5 years	173,250	250,250
	<u>558,250</u>	<u>635,250</u>
	2018 £	2017 £
Other		
Not later than 1 year	19,133	19,756
Later than 1 year and not later than 5 years	20,256	39,331
	<u>39,389</u>	<u>59,087</u>

24. Transactions with directors

At the balance sheet date, the company was owed £21,880 from G Cairns (2017 - £21,880), £4,720 from S Hunter (2017 - £4,720), £4,720 from C Sibbald (2017 - £4,720) and the company owed G Holmes £555 (2017 - £555). The loans are interest free, with no particular terms of repayment. The maximum balance due from the directors in the year was £30,765 (2017 - £30,765).

25. Related party transactions

Included within debtors is an amount of £457,703 (2017 - £777,543) due by GHI Contract Holdings Limited, the parent company.

GHI Contracts Limited have provided the bank with a charge in respect of certain GHI Contract Holdings Limited debt.

During the year the company rented office premises from GHI Contract Holdings Limited. In the year to 31 August 2018, the rental charge for this period was £84,805 (2017 - £83,471) including service charges.

GHI CONTRACTS LIMITED

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

26. Controlling party

The company is wholly owned by GHI Contracts Holdings Limited, a company incorporated in the United Kingdom and registered in Scotland under company number SC501120. The address of its registered office is Belgrave Court, Rosehall Road, Bellshill Industrial Estate, ML4 3NR.

The largest and smallest group which the results of this company are consolidated within is that headed by the ultimate parent company GHI Contract Holdings Limited.

Copies of the consolidated financial statements of GHI Contracts Holdings Limited are available from Companies House, 139 Fountainbridge, Edinburgh, EH3 9FF.

27. Performance Bonds

The company has entered into performance bonds in the normal course of business.