SC401258

FORTH HOLDINGS (SUPPORT SERVICES) LIMITED

DIRECTORS' REPORT

AND

FINANCIAL STATEMENTS

2018

FORTH HOLDINGS (SUPPORT SERVICES) LIMITED

Contents

FORTH HOLDINGS (SUPPORT SERVICES) LIMITED

DIRECTORS

D.S. Fletcher CBE	Chairman
D.K. Fletcher	Managing Director
K.P. Fletcher	
D. Fletcher	
P. Lowe	

SECRETARY
C.A. Thomson

REGISTERED OFFICE
Forth House
Pirnhall Business Park
Stirling
FK7 8HW

REGISTERED NUMBER
SC401258

AUDITORS
Dickson Middleton
Chartered Accountants and
Statutory Auditors
20 Barnton Street
Stirling
FK8 1NE

BANKERS
Barclays Bank plc
1 Churchill Place
London
E14 5HP

SOLICITORS
Holmes Mackillop
109 Douglas Street
Blythswood Square
Glasgow
G2 4HB

FORTH HOLDINGS (SUPPORT SERVICES) LIMITED

STRATEGIC REPORT

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

In the period under review the company's principal activity was that of a holding company, responsible for subsidiary companies specialising in providing Support Services, Renewable Energy Technology and Facility Management Services to clients and end users throughout the UK.

The business performed in line with expectations with regard to turnover, profit and cash generation.

KEY PERFORMANCE INDICATORS

The key performance indicators are Turnover, Profit and Cash Flow.

PRINCIPAL RISKS AND UNCERTAINTIES

It is Group policy that an ongoing and active interest is taken in evaluating and managing the risks inherent in operating construction projects at all stages from tender to account completion.

The Board is aware of the need to manage risks in winning new contracts, participating in joint ventures, acquiring businesses and making investments. The Group has rigorous disciplines in place for managing exposure within a specified opportunity and a risk management framework that applies to all activities of the Group including:

Building Risk - Each year the Group bids for a large number of contracts on a selective basis. Tenders are prepared in accordance with thorough processes for estimating, risk identification and assessment and are appropriately reviewed before submission.

Delivery Risk - Contract works are controlled and managed through the Group's operating structures with due regard to health and safety requirements. The Group's procedures involve frequent reviews of practical issues, costs and forecast revenues.

Joint Venture Risk - Joint ventures are formed for contracts where the Group perceives that to do so will strengthen the quality of the bid and the prospects for delivering a contract. The Board is responsible for the selection of joint venture partners.

Credit Risk - The Group has a robust procedure to assess the credit risk applicable to customers, both new and ongoing.

Liquidity Risk - Liquidity risk reflects the risk that the Group will have insufficient reserves to meet its financial liabilities as they fall due. The Board's objective is to ensure adequate funding is available within the Group to finance its business although limited use is made of hire purchase finance and banking facilities.

FUTURE DEVELOPMENTS

The businesses have strong forward order books which provides a solid foundation for future growth.

This report was approved by the Board on 28th November 2018 and signed on its behalf by

D.K. Fletcher
Managing Director

FORTH HOLDINGS (SUPPORT SERVICES) LIMITED

REPORT OF THE DIRECTORS

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

BUSINESS REVIEW

The business review is discussed in the Strategic Report on page 3 in accordance with Section 414C(11) of the Companies Act 2006.

RESULTS AND DIVIDENDS

The results for the year are set out on page 8.

The directors do not recommend payment of a final dividend.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties are discussed in the Strategic Report on page 3 in accordance with Section 414C(11) of the Companies Act 2006.

FIXED ASSETS

The Group is committed to continual modernisation and investment in technology and specialist equipment to enhance productivity.

HEALTH AND SAFETY

Ensuring safe working environments continues to have a high priority within the Group and is based on risk assessments and safe systems of work.

TRAINING

The Group is committed to ongoing training in all relevant disciplines.

QUALITY CONTROL

The Group's principal operating companies are accredited to BS OHSAS 18001:2007, ISO 14001: 2015, ISO 9001: 2015 and ISO 50001. The Group's objective is to develop and maintain a culture of quality and continual improvement which is subject to ongoing review.

EMPLOYEE INVOLVEMENT

During the year, the Group's policy of providing employees with information about the Group and Group companies has been continued through regular meetings between management and employees.

DISABLED EMPLOYEES

The Group gives every consideration to applications for employment from disabled persons where the applicant appears to have the necessary aptitude and abilities to perform the duties of the job. It is also the policy of the Group that disabled people should receive equal consideration for career development and promotion opportunities, to provide appropriate training and to ensure that if an employee becomes disabled all practical efforts are made to identify suitable alternative opportunities where required.

EQUAL OPPORTUNITIES

The Group follows the equal opportunity guidelines of the Confederation of British Industry and seeks to enforce them in all fields of activity.

ENVIRONMENTAL POLICY

The Board recognises the environmental issues associated with its principal activities and particularly those relating to waste, water, energy management and vehicle emissions. The Group is actively involved in practical measures to prevent or offset pollution to the environment and to comply with all the current environmental regulations, legislation and approved codes of practice.

FUTURE DEVELOPMENTS

Future developments are discussed in the Strategic Report on page 3 in accordance with Section 414C(11) of the Companies Act 2006.

FORTH HOLDINGS (SUPPORT SERVICES) LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

DIRECTORS

The directors who served during the year and their respective interests in the company are stated below:

		Class of share	31/08/2018	31/08/2017
D.S. Fletcher CBE	Chairman	Ordinary shares	-	-
D.K. Fletcher	Managing Director	Ordinary shares	-	-
K.P. Fletcher		Ordinary shares	-	-
D. Fletcher		Ordinary shares	-	-
P. Lowe		Ordinary shares	-	-

The directors are directors of the parent company. Their interests in the parent company are disclosed in that company's financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 Group and the parent company and of the profit or loss of the Group for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the parent 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 Group and the parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

AUDITORS

Dickson Middleton are deemed to be reappointed in accordance with Section 487(2) of the Companies Act 2006.

This report was approved by the Board on 28th November 2018 and signed on its behalf by

C.A. Thomson
Company Secretary

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

FORTH HOLDINGS (SUPPORT SERVICES) LIMITED

Opinion

We have audited the financial statements of Forth Holdings (Support Services) Limited (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31st August 2018 which comprise the Consolidated Statement of Income, the Consolidated and parent Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, and 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).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31st August 2018, and of the Group's 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 Group 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

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 Group's or the parent 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 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.

Opinions 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 our knowledge and understanding of the Group and the parent 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 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

FORTH HOLDINGS (SUPPORT SERVICES) LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, 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 Group's and the parent 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 Group or the parent 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit and we also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

John Watkins (Senior Statutory Auditor)
For and on behalf of Dickson Middleton
Chartered Accountants and
Statutory Auditors
20 Barnton Street
Stirling
FK8 1NE

28th November, 2018

FORTH HOLDINGS (SUPPORT SERVICES) LIMITED

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31ST AUGUST 2018

	Note	2018 £	2018 £	2017 £	2017 £
TURNOVER	2		154,275,014		118,417,232
Cost of Sales			(124,652,308)		(89,238,759)
Cost of Sales - Exceptional item			-		1,151,000
GROSS PROFIT			29,622,706		30,329,473
Administrative Expenses		(20,275,280)		(18,258,192)	
Other Operating Charges		(4,525,301)		(3,638,662)	
			(24,800,581)		(21,896,854)
OPERATING PROFIT			4,822,125		8,432,619
Interest Receivable	5		2,389		9,011
Interest Payable	6		(4,951)		(4,299)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			4,819,563		8,437,331
Taxation on Profit on Ordinary Activities	7		(962,485)		(1,671,994)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			3,857,078		6,765,337
Minority Interest			(242,871)		(199,234)
PROFIT FOR THE FINANCIAL YEAR			3,614,207		6,566,103

The Group had no discontinued operations in the year.

The exceptional item relates to the deficit in the defined benefit pension plan relating to local government contracts which one of the subsidiary companies are involved in.

The notes form part of these financial statements.

FORTH HOLDINGS (SUPPORT SERVICES) LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31ST AUGUST 2018

	Note	2018 £	2018 £	2017 £	2017 £
FIXED ASSETS					
Tangible Assets	8		631,771		748,144
CURRENT ASSETS					
Stocks	10	512,806		409,888	
Debtors	11	38,983,650		32,188,617	
Cash at Bank and on Hand		37,922,957		11,907,764	
		77,419,413		44,506,269	
CREDITORS: amounts falling due within one year	12	(62,083,039)		(31,148,346)	
NET CURRENT ASSETS			15,336,374		13,357,923
NET ASSETS			15,968,145		14,106,067
CAPITAL AND RESERVES					
Called up Share Capital	14		60,000		60,000
Profit and Loss Account			15,474,973		13,780,766
EQUITY SHAREHOLDERS' FUNDS			15,534,973		13,840,766
Minority Interest			433,172		265,301
CAPITAL EMPLOYED			15,968,145		14,106,067

These financial statements were approved by the Board of Directors on 28th November 2018 and signed on its behalf by

D. S. Fletcher CBE **Chairman**

D.K. Fletcher **Director**

Registration Number: SC401258

The notes form part of these financial statements.

FORTH HOLDINGS (SUPPORT SERVICES) LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31ST AUGUST 2018

		2018		2017	
	Note	**£**	**£**	**£**	**£**
FIXED ASSETS					
Investments	**9**		53,847		53,847
			53,847		53,847
CURRENT ASSETS					
Debtors	**11**	1,804,000		1,800,035	
Cash at Bank and on Hand		72,867		61,611	
		1,876,867		1,861,646	
CREDITORS: amounts falling due within one year	**12**	(3,583)		(3,629)	
NET CURRENT ASSETS			1,873,284		1,858,017
NET ASSETS			1,927,131		1,911,864
CAPITAL AND RESERVES					
Called up Share Capital	**14**		60,000		60,000
Profit and Loss Account			1,867,131		1,851,864
SHAREHOLDERS' FUNDS			1,927,131		1,911,864

The financial statements were approved by the Board of Directors on 28th November 2018 and signed on its behalf by

D. S. Fletcher CBE **Chairman**

D.K. Fletcher **Director**

Registration Number: SC401258

The notes form part of these financial statements.

FORTH HOLDINGS (SUPPORT SERVICES) LIMITED

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

	Called up share capital £	Profit and loss account £	Total £
At 1 September 2016	60,000	9,743,663	9,803,663
Profit for the year	-	6,566,103	6,566,103
Total comprehensive income	-	6,566,103	6,566,103
Dividends	-	(2,529,000)	(2,529,000)
At 31 August 2017 and 1 September 2017	60,000	13,780,766	13,840,766
Profit for the year	-	3,614,207	3,614,207
Total comprehensive income	-	3,614,207	3,614,207
Dividends	-	(1,920,000)	(1,920,000)
At 31 August 2018	60,000	15,474,973	15,534,973

The notes form part of these financial statements.

FORTH HOLDINGS (SUPPORT SERVICES) LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST AUGUST 2018

	2018	2017
	£	£
Cash flow from operating activities	3,614,207	6,566,103
Profit for the financial year		
Adjustments for:		
Minority interest in profit	242,871	199,234
Depreciation of fixed assets	279,305	330,999
Loss / (Gain) on sale of fixed assets	11,956	(3,831)
Interest received	(2,389)	(9,011)
Interest paid	4,951	4,299
Taxation	962,485	1,671,994
Increase in stocks	(102,918)	(75,601)
(Increase) / decrease in debtors	(6,682,508)	1,038,841
Increase in creditors	31,398,220	277,921
Decrease in provisions	-	(1,151,000)
Cash from operations	29,726,180	8,849,948
Taxation paid	(1,539,213)	(1,009,445)
Net cash generated from operating activities	28,186,967	7,840,503
Cash flow from investing activities		
Receipts from sales of tangible fixed assets	3,952	71,958
Payments to acquire tangible fixed assets	(178,841)	(180,855)
Interest received	3,066	6,259
Interest paid	(4,951)	(4,299)
Net cash used in investing activities	(176,774)	(106,937)
Cash flow from financing activities		
Repayment of finance lease liabilities	-	(34,180)
Dividends paid	(1,920,000)	(2,529,000)
Minority interest dividends paid	(75,000)	(75,000)
Net cash used in financing activities	(1,995,000)	(2,638,180)
Net increase in cash and cash equivalents	26,015,193	5,095,386
Cash and cash equivalents at start of year	11,907,764	6,812,378
Cash and cash equivalents at end of year	37,922,957	11,907,764

The notes form part of these financial statements.

1. ACCOUNTING POLICIES

(a) General information

The company is a private company limited by shares, registered in Scotland. The address of the registered office is Forth House, Pirnhall Business Park, Stirling, FK7 8HW.

(b) Statement of compliance

The financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiary undertakings made up to 31st August 2018. The results of subsidiaries sold or acquired are included in the consolidated statement of income up to, or from, the date control passes. Intra Group sales and profits are eliminated fully on consolidation. No statement of income is presented for the company as permitted by Section 408 of the Companies Act 2006. The financial statements have been prepared on the historic cost basis. The financial statements are prepared in sterling, which is the functional currency of the Group.

(d) Going concern

These financial statements have been prepared on a going concern basis.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and that there are no material uncertainties that lead to significant doubt upon the Group's ability to continue as a going concern. Thus the directors have continued to adopt the going concern basis of accounting in preparing these financial statements.

(e) Judgements and key sources of estimation uncertainty

In preparing these financial statements, the directors have made judgements, estimates and assumptions as to the recognition of assets and liabilities at the year end and amounts of revenue and expenses incurred during the reporting period. Actual outcomes may differ from these judgements, estimates and assumptions over time.

The judgements, estimates and assumptions that have the most significant effect on the carrying value of assets and liabilities of the company is the company's revenue recognition and value of the profit relating to contracts. Factors taken into account in reaching such decisions include the overall expected profit on the contracts, the stage of completion of the contracts, lifecycle exposures and the relative budgeted revenue and costs associated with each contract.

(f) Turnover

Turnover represents the value of work carried out including work sub-contracted, adjusted for amounts recoverable on contracts, and also includes sales and other trading income but excludes VAT.

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured.

Turnover represents income recognised in respect of services provided during the year (stated net of value added tax).

Turnover from a contract to provide services is recognised by reference to the stage of completion of the contract at the balance sheet date. Turnover from time and material contracts is recognised at the contractual rates as labour hours and tasks are delivered and direct expenses incurred. In other cases, where services provided reflect a contractual arrangement to deliver an indeterminate number of acts over the contract term, turnover is recognised on a straight-line basis unless this is not an accurate reflection of the work performed. Where a straight-line basis is not appropriate, for example if specific works on contracts represent a significant element of the whole, turnover is recognised based on the percentage of completion method, based on the proportion of costs incurred at the balance sheet date relative to the total estimated cost of completing the contracted work.

1. ACCOUNTING POLICIES (CONTINUED)

(g) Taxation

The taxation expense represents the aggregate amount of current tax and deferred tax recognised in the reporting period. Tax is recognised in the statement of income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

(h) Fixed assets - tangible assets

Tangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated depreciation and impairment losses. Depreciation on tangible assets is based on the estimated working lives of the assets as follows:-

Motor Vehicles	-	25% reducing balance
Plant and Equipment	-	4 & 5 years straight line
Leasehold Improvements	-	Over term of lease

The carrying values of tangible fixed assets are reviewed for impairment in accounting periods if events or changes in circumstances indicate the carrying value may not be recoverable.

(i) Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised and depreciated in the same manner as other tangible fixed assets. The related obligations, net of future finance charges, are included in creditors.

Rentals payable under operating leases are charged to the statement of income on a straight line basis over the period of the lease. The benefits of the lease incentives are recognised in the statement of income over the lease period.

(j) Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any impairment losses.

(k) Impairment

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

(l) Stocks

Stock is valued at the lower of the cost and net realisable value.

(m) Amounts recoverable on long term contracts

Amounts recoverable on long term contracts, which are included in debtors are stated at the net sales value of the work done after provisions for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments received on account.

(n) Provisions

Provisions are recognised when the Group has an obligation at the reporting date as a result of a past event, it is probable that the Group will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in the statement of income unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in the statement of income in the period it arises.

(o) Financial instruments

Financial assets and liabilities are recognised when the entity becomes party to the contractual provisions of the financial instrument. The entity holds basic financial instruments which comprise cash and cash equivalents, trade and other debtors, trade and other creditors.

Cash and cash equivalents comprise cash in hand, deposits held with banks and other short-term highly liquid investments with original maturities of three months or less.

Trade and other debtors are initially recognised at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Amounts that are receivable within one year are measured at the undiscounted amount expected to be receivable, net of any impairment. At the end of each reporting year, the Group assesses whether there is objective evidence that any financial asset amount may be impaired. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all the amounts due according to the original terms of the financial assets. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows. The amount of the provision is recognised immediately in the statement of income and retained earnings.

Trade and other creditors are initially measured at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method. Amounts that are payable within one year are measured at the undiscounted amount expected to be payable.

(p) Defined contribution plans

Defined contribution pension schemes are operated for employees. Contributions payable for the year to the Auto Enrolment and Group Personal Pension Plan are charged to the statement of income as incurred. Pension contributions were also payable for this year and are charged to the statement of income for personal pension plans for the directors. The assets of these schemes are held separately from the assets of the Group.

(q) Defined benefits plans

The Group is a participating employer in a number of local government pension schemes and a railway pension scheme, which are defined benefit pension schemes in nature, for some employees. The assets of the schemes are held separately from those of the Group. Pension scheme liabilities are measured on an actuarial basis using a projected unit method and are discounted to their present value using an appropriate discount rate. Pension scheme assets are valued at market value at the balance sheet date. The pension scheme surplus (to the extent that it can be recovered)/deficit is recognised in full on the statement of financial position. The movement in the surplus or deficit is split between operating and finance charges in the statement of income and also in the statement of comprehensive income. The full service cost of the pension schemes is charged to the statement of income, net of increases in the value of benefits already accrued and the expected return on assets charged to other financing costs. The actuarial gain or loss is charged through the statement of comprehensive income and is made up of the difference between the expected return on assets and those already achieved and any changes in the assumptions and experiences used in the valuations.

The Group accounts for these defined benefit pension schemes as defined contribution pension schemes and recognises any deficit arising in Forth and Oban Limited's actuarial valuation as a constructive obligation.

2. TURNOVER

Group

The turnover and profit before taxation is attributable to the supply of services within the Construction, Engineering and Property sectors within the United Kingdom.

	2018	2017
	£	£
Specialist Support Services	66,109,939	53,589,680
Facilities Management Services	88,165,075	64,827,552
	154,275,014	118,417,232

3. OPERATING PROFIT

Group		2018 £	2017 £
The Operating Profit is stated after charging/(crediting):-			
Depreciation of fixed assets		279,305	330,999
Operating leases		3,268,822	2,591,093
Auditors remuneration	- audit of parent company	3,500	2,500
	- audit of subsidiary companies	34,525	39,000
Loss / (Gain) on sale of fixed assets		11,956	(3,831)

4. STAFF COSTS (INCLUDING DIRECTORS)

	2018 Nos.	2017 Nos.
Directors	5	5
Management & Administration	274	238
Operatives	1,110	998
	1,389	1,241

Provision of Staff

The workforce of the company and its subsidiaries, namely FES Support Services Limited, FES FM Limited and FES Renewables Limited are employed by Forth and Oban Limited. Forth and Oban Limited, a subsidiary of the parent company, has contracted to supply staff for FES Support Services Limited, FES FM Limited and FES Renewables Limited in return for fee income.

5. INTEREST RECEIVABLE

	2018 £	2017 £
Group		
Bank deposit interest	-	8,201
Interest on corporation tax	2,389	810
	2,389	9,011

6. INTEREST PAYABLE

	2018 £	2017 £
Group		
Interest on hire purchase contracts	-	2,041
Other interest	4,951	2,258
	4,951	4,299

7. TAXATION

	2018	2017
	£	£
Group		
(a) Analysis of tax charge in the year		
UK Corporation tax on profits of the year	959,446	1,687,034
Adjustments in respect of prior years	3,039	(15,040)
Total current tax	962,485	1,671,994

(b) Factors affecting tax charge for the year

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 19% (2017: 19%).

The differences are explained below:

	2018	2017
Profit on ordinary activities before tax	4,819,563	8,437,331
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK	915,717	1,603,093
Effect of:		
Expenses not allowable for corporation tax purposes	53,121	44,012
Capital allowances for year in excess of depreciation	(9,392)	(10,123)
Other adjustments	-	180
Change in rate of tax	-	50,043
Adjustments in respect of prior years	3,039	(15,040)
Other non taxable income	-	(171)
Current tax charge for the year	962,485	1,671,994

8. TANGIBLE FIXED ASSETS

Group	Leasehold Improvements	Motor Vehicles	Plant & Equipment	Total
Cost	£	£	£	£
At 1st September 2017	250,501	1,409,334	2,158,634	3,818,469
Additions	-	-	178,841	178,841
Disposals	(93,507)	(41,337)	(1,452,928)	(1,587,772)
At 31st August 2018	156,994	1,367,997	884,547	2,409,538
Depreciation				
At 1st September 2017	145,735	1,070,259	1,854,331	3,070,325
Charge for year	9,759	82,129	187,417	279,305
Disposals	(88,158)	(30,777)	(1,452,928)	(1,571,863)
At 31st August 2018	67,336	1,121,611	588,820	1,777,767
Net Book Values				
At 31st August 2018	89,658	246,386	295,727	631,771
At 31st August 2017	104,766	339,075	304,303	748,144

Included above are assets held under finance lease or hire purchase contracts as follows:

	2018		2017	
	Net Book Value	Depreciation Charge	Net Book Value	Depreciation Charge
	£	£	£	£
Motor Vehicles	-	-	24,611	8,204

9. INVESTMENTS IN SUBSIDIARIES

Company	2018	2017
	£	£
Shares in Group companies at cost	53,847	53,847

The following subsidiary undertakings are those whose results or financial position, in the opinion of the Directors, principally affect the Group:

Name	Percentage Holding of Ordinary Shares	Activity
FES Support Services Limited (Registered in Scotland)	95%	Construction related services
FES FM Limited (Registered in Scotland)	100%	Facilities Management Services
FES Renewables Limited (Registered in Scotland)	100%	Renewable Energy Services

10. STOCKS

	Group 2018	Group 2017	Company 2018	Company 2017
	£	£	£	£
Raw Materials and Consumables	512,806	409,888	-	-

11. DEBTORS

	Group 2018	Group 2017	Company 2018	Company 2017
	£	£	£	£
Amounts recoverable on long term contracts	6,891,902	5,552,733	-	-
Trade Debtors	22,810,599	15,687,948	-	-
Other Debtors	156,348	887,491	-	-
Group Debtors	7,311,619	9,249,906	1,804,000	1,800,035
Prepayments	554,960	270,739	-	-
	37,725,428	31,648,817	1,804,000	1,800,035
Amounts falling due outwith one year:				
Amounts recoverable on long term contracts	1,258,222	539,800	-	-
	38,983,650	32,188,617	1,804,000	1,800,035

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2018	Group 2017	Company 2018	Company 2017
	£	£	£	£
Trade Creditors	25,949,270	14,720,427	-	-
Social Security and Other Taxes	4,214,466	2,396,100	-	-
Other Creditors	48,176	4,553	-	-
Group Creditors	7,648,826	4,870,184	-	-
Payments on account	14,691,219	1,963,929	-	-
Accruals	9,014,991	6,213,535	3,502	3,506
Corporation Tax	516,091	979,618	81	123
	62,083,039	31,148,346	3,583	3,629

Hire purchase creditors are secured over the assets disclosed in the fixed asset note above.

13. DEFERRED TAXATION

The Directors consider that no provision is necessary for deferred taxation at 31st August 2018 (2017: £nil).

14. SHARE CAPITAL

	2018	2017
	£	£
Allotted, Issued and Fully Paid		
60,000 Ordinary Shares of £1 each	60,000	60,000

15. CONTINGENT LIABILITY

In consideration of the grant of favourable interest rates for the company, and for the other companies with which this company is associated the company has completed letters of set off authorising Barclays Bank plc, under notice, to transfer out of the company's credit balance amounts in reduction or repayment of debit balances of these other companies. At 31st August 2018 none of these companies had a bank overdraft at the year end (2017: none). Barclays Bank plc has secured these Group facilities by way of a floating charge over the company's assets.

At 31st August 2018, the Group had a contingent liability in respect of performance bonds in the sum of £13,734,502 (2017: £367,440)

16. RELATED PARTY TRANSACTIONS

The Group has taken advantage of the exemption from disclosing transactions between the parent company and fellow subsidiary companies.

A fellow subsidiary company owns a 10% holding in Innovate East Lothian (Holdings) Limited. During the year subsidiary companies invoiced Innovate East Lothian Limited, a company related to Innovate East Lothian (Holdings) Limited, £11,795,869 (2017: £5,626,475). There were recharges of £150,000 (2017: £150,000) made by Innovate East Lothian Limited to a subsidiary. These transactions were at arms length. At the year end the balance due from Innovate East Lothian Limited was £1,420,417 (2017: £873,364). At the year end the balance due to Innovate East Lothian Limited was £42,500 (2017: £50,000).

A fellow subsidiary company owns a 12.5% holding in Stirling Gateway HC Limited. During the year subsidiary companies invoiced Stirling Gateway Limited, a company related to Stirling Gateway HC Limited, £4,471,892 (2017: £4,396,355). These transactions were at arms length. At the year end the balance due from Stirling Gateway Limited was £450,040 (2017: £581,811).

A fellow subsidiary company owns a 10% holding in Emblem Schools (Holdings) Limited. During the year subsidiary companies invoiced Emblem Schools Limited, a company related to Emblem Schools (Holdings) Limited, £2,455,232 (2017: £2,233,144). These transactions were at arms length. At the year end the balance due from Emblem Schools Limited was £481,189 (2017: £358,107).

A fellow subsidiary company owns a 17% holding in Falkirk Schools Gateway HC Limited. During the year subsidiary companies invoiced Falkirk Schools Gateway Limited, a company related to Falkirk Schools Gateway HC Limited, £2,403,663 (2017: £2,197,797). These transactions were at arms length. At the year end the balance due from Falkirk Schools Gateway Limited was £2,705 (2017: £Nil). At the year end the balance due to Falkirk Schools Gateway Limited was £Nil (2017: £30,969).

A fellow subsidiary company has loan notes in Hub East Central (Levenmouth) Limited. During the year subsidiary companies invoiced Hub East Central (Levenmouth) Limited £294,436 (2017: £271,702). These transactions were at arms length. At the year end the balance due from Hub East Central (Levenmouth) Limited was £15,160 (2017: £nil).

A fellow subsidiary company owns a 50% shareholding in Glasgow Learning Quarter (Holdings) Limited. During the year subsidiary companies invoiced Glasgow Learning Quarter Limited, a company related to Glasgow Learning Quarter (Holdings) Limited, £1,367,544 (2017: £1,596,036). These transactions were at arms length. At the year end the balance due from Glasgow Learning Quarter Limited was £319,867 (2017: £262,117).

The immediate and ultimate parent company is Forth Holdings Limited which is incorporated in Great Britain and registered in Scotland.

17. CAPITAL COMMITMENTS

At 31st August 2018 the Group and company had capital commitments authorised but not contracted for by the directors of £nil (2017: £nil).

FORTH HOLDINGS (SUPPORT SERVICES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31ST AUGUST 2018 (CONTINUED)

18. FINANCIAL COMMITMENTS

At 31st August 2018, the Group had annual commitments under non-cancellable operating leases as follows:

	2018	2017
	£	£
Expiry date		
Within one year	1,778,953	1,420,148
Between one and five years	2,562,378	2,420,797
In over five years	1,250,072	145,834
	5,591,403	3,986,779

19. FINANCIAL INSTRUMENTS

The Group's carrying amount for each category of financial instruments is as follows:

	2018	2017
	£	£
Financial Assets		
Financial assets that are debt instruments measured at amortised cost	38,870,400	32,188,617
Financial Liabilities		
Financial liabilities measured at amortised cost	57,352,482	27,772,628

The company's carrying amount for each category of financial instrument is as follows:

	2018	2017
	£	£
Financial Assets		
Financial assets that are debt instruments measured at amortised cost	1,804,000	1,800,035
Liabilities		
Financial liabilities measured at amortised cost	3,502	3,506