

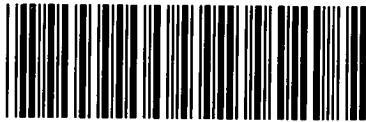
COMPANY REGISTRATION NUMBER SC077744

**KSW ENGINEERING LIMITED**

**FINANCIAL STATEMENTS**

**31 DECEMBER 2018**

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**KSW ENGINEERING LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2018**

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**KSW ENGINEERING LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISORS**

**Directors**

M J Beveridge  
P M Fisher  
A S Wilson  
A S Wilson  
P J Wilson

**Company secretary**

C J M Denholm

**Registered office**

7 Stirling Road  
Southfield Industrial Estate  
Glenrothes  
KY6 2ST

**Independent auditor**

Deloitte LLP  
Statutory Auditor  
Glasgow  
United Kingdom

**KSW ENGINEERING LIMITED**  
**THE DIRECTORS' REPORT**  
**YEAR ENDED 31 DECEMBER 2018**

The directors submit their report and the audited financial statements of the company (registration number SC077744) for the year ended 31 December 2018.

The Directors' report has been prepared in accordance with the provision applicable to companies entitled to the small companies exemption. In addition, as a result of taking this exemption, no Strategic Report has been prepared.

**Principal activities**

The principal activities of the company are the subcontract of heavy machining and clad welding. The majority of turnover originates from activities in the United Kingdom.

**Results and dividends**

The loss for the year after taxation was £403,039 (period from 1 March 2017 to 31 December 2017 - £402,966).

The directors have declared and the company paid a dividend of £nil in the year ended 31 December 2018 (period from 1 March 2017 to 31 December 2017 - £nil).

**Directors**

The directors who served the company during the year and to the date of this report are listed on page 1.

**Appointment of auditor**

In accordance with section 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for the appointment of Deloitte LLP as auditor of the company.

**Directors' responsibilities statement**

The directors are responsible for preparing 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), including FRS 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 year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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.

**KSW ENGINEERING LIMITED**

**THE DIRECTORS' REPORT** *(continued)*

**YEAR ENDED 31 DECEMBER 2018**

**Directors' responsibilities statement** *(continued)*

As at the date of this report, as far as each director is aware, there is no relevant audit information of which the company's auditor is unaware. Each of the directors have taken such steps as they should have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**Financial risk management**

The company's principal third party financial assets are trade debtors and the company's credit risk is primarily attributable to these assets. The company has implemented policies that require appropriate credit checks on potential customers before sales are made and it applied rigorous credit control procedures.

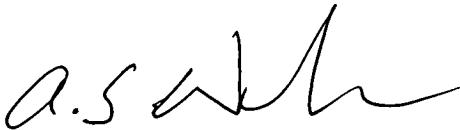
The company's principal financial liabilities are the amounts owed to the shareholders in respect of which interest is applied at a fixed rate.

The company's principal risks and uncertainties relate to the strength of the oil and gas market, together with the performance of customers and competitors.

**Going concern**

The directors, having considered the company's forecasts, cash resources and group facilities, have concluded that the company has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Approved on behalf of the Board on 5 June 2019



A S Wilson  
Director

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

## KSW ENGINEERING LIMITED

### YEAR ENDED 31 DECEMBER 2018

#### Opinion

In our opinion the financial statements of KSW Engineering Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement;
- the related notes 1 to 20.

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).

#### 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 Financial Reporting Council's (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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

## KSW ENGINEERING LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2018

### **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 respect of these matters.

### **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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Report on other legal and regulatory requirements**

#### **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 directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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 any material misstatements in the directors' report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**

**KSW ENGINEERING LIMITED** *(continued)*

**YEAR ENDED 31 DECEMBER 2018**

**Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters 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; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

**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.



Colin Gibson CA (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Glasgow  
United Kingdom

7 June 2019

**KSW ENGINEERING LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 DECEMBER 2018**

	Note	Year to 31 Dec 2018 £	Period from 1 Mar 2017 to 31 Dec 2017 £
TURNOVER	2	4,789,717	3,466,450
Cost of sales		<u>(2,992,424)</u>	<u>(1,913,779)</u>
GROSS PROFIT		1,797,293	1,552,671
Distribution costs		(96,733)	(97,560)
Administrative expenses		(2,106,942)	(1,779,320)
Other operating income	3	<u>1,915</u>	<u>533</u>
OPERATING LOSS	4	(404,467)	(323,676)
Profit on disposal of fixed assets		24,035	-
Interest payable and similar charges	7	<u>(122,055)</u>	<u>(119,103)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(502,487)	(442,779)
Tax on loss on ordinary activities	8	<u>99,448</u>	<u>39,813</u>
LOSS FOR THE FINANCIAL YEAR/PERIOD		<u><u>(403,039)</u></u>	<u><u>(402,966)</u></u>

All of the activities of the company are classed as continuing.

There are no items of other comprehensive income other than the loss of £403,039 attributable to the shareholders for the year ended 31 December 2018 (period from 1 March 2017 to 31 December 2017 - £402,966). Accordingly, a separate statement of other comprehensive income is not presented.

The notes on pages 11 to 22 form part of these financial statements.

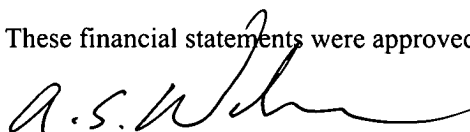
**KSW ENGINEERING LIMITED**

**BALANCE SHEET**

**AS AT 31 DECEMBER 2018**

	Note	2018 £	2017 £
<b>FIXED ASSETS</b>			
Intangible assets	9	40,190	47,529
Tangible assets	10	<u>4,060,066</u>	<u>4,221,297</u>
		<u>4,100,256</u>	<u>4,268,826</u>
<b>CURRENT ASSETS</b>			
Stocks	11	600,022	434,347
Debtors due within one year	12	1,877,519	1,181,430
Cash at bank and in hand		45,221	102,610
		<u>2,522,762</u>	<u>1,718,387</u>
CREDITORS: Amounts falling due within one year	13	<u>(3,988,154)</u>	<u>(3,210,422)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(1,465,392)</u>	<u>(1,492,035)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,634,864</u>	<u>2,776,791</u>
CREDITORS: Amounts falling due after more than one year	14	(610,273)	(356,013)
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred taxation	15	(152,488)	(145,636)
<b>NET ASSETS</b>		<u><u>1,872,103</u></u>	<u><u>2,275,142</u></u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	18	10,942	10,942
Share premium account		1,498,358	1,498,358
Revaluation reserve		4,831	4,831
Capital redemption reserve		153,700	153,700
Profit and loss account		204,272	607,311
<b>SHAREHOLDERS' FUNDS</b>		<u><u>1,872,103</u></u>	<u><u>2,275,142</u></u>

These financial statements were approved by the Board on 5 June 2019



A S Wilson  
Director

The notes on pages 11 to 22 form part of these financial statements.

**KSW ENGINEERING LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**YEAR ENDED 31 DECEMBER 2018**

	Called-up share capital £	Share premium account £	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £	Total £
<b>Balance at 28 February 2017</b>	<b>10,942</b>	<b>1,498,358</b>	<b>4,831</b>	<b>153,700</b>	<b>1,010,277</b>	<b>2,678,108</b>
Loss for the financial period	-	-	-	-	(402,966)	(402,966)
<b>Balance at 31 December 2017</b>	<b>10,942</b>	<b>1,498,358</b>	<b>4,831</b>	<b>153,700</b>	<b>607,311</b>	<b>2,275,142</b>
Loss for the financial year	-	-	-	-	(403,039)	(403,039)
<b>Balance at 31 December 2018</b>	<b>10,942</b>	<b>1,498,358</b>	<b>4,831</b>	<b>153,700</b>	<b>204,272</b>	<b>1,872,103</b>

The notes on pages 11 to 22 form part of these financial statements.

**KSW ENGINEERING LIMITED**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED 31 DECEMBER 2018**

	Note	Year to 31 Dec 2018 £	Period from 1 Mar 2017 to 31 Dec 2017 £
<b>Cash flows from operating activities</b>			
Operating loss for the financial year / period		(404,467)	(323,676)
Adjustments for:			
Amortisation of intangible fixed assets	9	19,853	20,389
Depreciation of tangible fixed assets	10	409,546	300,379
(Increase) / decrease in trade and other debtors		(634,964)	225,659
Increase in stocks		(165,675)	(233,212)
Increase in trade and other creditors		317,857	172,425
		<hr/>	<hr/>
Cash (outflow) / inflow from operations		(457,850)	161,964
Income taxes paid		45,176	61,063
		<hr/>	<hr/>
<b>Net cash (outflow) / inflow from operating activities</b>		<b>(412,674)</b>	<b>223,027</b>
<b>Cash flows from investing activities</b>			
Purchases of intangible fixed assets	9	(12,514)	(6,799)
Purchases of tangible fixed assets	10	(275,147)	(89,047)
Proceeds from sale of tangible fixed assets		50,866	-
		<hr/>	<hr/>
<b>Net cash outflow from investing activities</b>		<b>(236,795)</b>	<b>(95,846)</b>
<b>Cash flows from financing activities</b>			
Increase in bank loans and overdrafts		340,830	186,609
Proceeds from finance leases		693,170	-
Repayment of finance leases		(319,865)	(163,547)
Interest paid	7	(122,055)	(119,103)
		<hr/>	<hr/>
<b>Net cash inflow / (outflow) from financing activities</b>		<b>592,080</b>	<b>(96,041)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(57,389)</b>	<b>31,140</b>
<b>Cash and cash equivalents at the beginning of the year / period</b>		<b>102,610</b>	<b>71,470</b>
		<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the year / period</b>		<b>45,221</b>	<b>102,610</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>Relating to</b>			
Cash at bank and in hand		45,221	102,610

The notes on pages 11 to 22 form part of these financial statements.

**KSW ENGINEERING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2018**

**1 ACCOUNTING POLICIES**

**Basis of accounting**

KSW Engineering Limited is a private company limited by shares incorporated in Scotland under the Companies Act. The address of the registered office is given on page 1. The nature of the company's principal activities are set out within the Directors' Report on page 2.

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis. They have been prepared on the going concern basis as explained in the Directors' Report.

**Functional currency**

The directors have adopted the pound sterling as the company's functional and presentational currency, being the currency of the primary economic environment in which the company operates.

**Turnover**

Turnover is recognised at the fair value of consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred in respect of the transaction can be measured reliably.

**Intangible assets**

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

Welding certificates	-	20% straight line
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If there is any indication that there has been a significant change in the amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

**Tangible fixed assets**

Tangible fixed assets are stated at cost, net of depreciation, and any provision for impairment. Depreciation is calculated on a straight line basis to write off the cost less estimated residual value of tangible fixed assets over their anticipated useful lives as follows:

Leasehold Property	-	10% reducing balance
Plant & Machinery	-	10% reducing balance
Fixtures & Fittings	-	10% reducing balance
Motor Vehicles	-	25% reducing balance

**KSW ENGINEERING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2018**

**1 ACCOUNTING POLICIES** *(continued)*

**Stocks**

Stocks are stated at the lower of cost and net realisable value. Provision is made for obsolete, slow moving or defective items where appropriate.

**Work in progress**

Work in progress is valued on the basis of direct costs based on a normal level of activity. Provision is made for any foreseeable losses where appropriate.

**Operating leases**

Rentals in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

**Pension costs**

Pension costs arise in respect of a defined contribution scheme. Contributions are charged to the profit and loss account as incurred.

**Taxation**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except otherwise indicated. Deferred tax assets are only 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 calculated using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

**Foreign currencies**

In preparing the financial statements, transactions in currencies other than the functional currency are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

Exchange differences arising are included as an exchange gain or loss in the profit and loss account.

**Critical accounting judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of the estimation means that actual outcomes could differ from those estimates. There were no critical accounting judgements made during the current year.

**KSW ENGINEERING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2018**

**2 TURNOVER**

Turnover stated exclusive of Value Added Tax is derived from the sale of goods. An analysis of turnover by destination is given below:

	Year to 31 Dec 2018	Period from 1 Mar 2017 to 31 Dec 2017
	£	£
United Kingdom	4,316,569	2,591,040
Overseas	473,148	875,410
	<u>4,789,717</u>	<u>3,466,450</u>

**3 OTHER OPERATING INCOME**

	Year to 31 Dec 2018	Period from 1 Mar 2017 to 31 Dec 2017
	£	£
Commission received	1,915	533
	<u>1,915</u>	<u>533</u>

**4 OPERATING LOSS**

Operating loss is stated after charging:

	Year to 31 Dec 2018	Period from 1 Mar 2017 to 31 Dec 2017
	£	£
Amortisation of intangible assets	19,853	20,389
Depreciation of owned tangible fixed assets	272,354	201,727
Depreciation of tangible fixed assets held under finance leases	137,192	98,652
Auditor's remuneration - audit fees	15,397	15,000
Cost of stocks recognised as an expense	1,313,268	933,163
Operating lease costs:		
Land and buildings	144,601	186,013
	<u>144,601</u>	<u>186,013</u>

**KSW ENGINEERING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2018**

**5' PARTICULARS OF EMPLOYEES**

The average number of staff employed by the company during the financial year/period amounted to:

	<b>Year to 31 Dec 2018</b>	Period from 1 Mar 2017 to 31 Dec 2017
	<b>Number</b>	Number
Number of production staff	44	44
Number of administrative staff	8	9
Number of management staff	3	3
	<u>55</u>	<u>56</u>

The aggregate payroll costs of the above were:

	<b>Year to 31 Dec 2018</b>	Period from 1 Mar 2017 to 31 Dec 2017
	<b>£</b>	£
Wages and salaries	2,209,510	1,747,071
Social security costs	231,260	182,170
Other pension costs (note 16)	116,473	100,440
	<u>2,557,243</u>	<u>2,029,681</u>

**6 DIRECTORS' REMUNERATION**

The directors' aggregate remuneration in respect of qualifying services were:

	<b>Year to 31 Dec 2018</b>	Period from 1 Mar 2017 to 31 Dec 2017
	<b>£</b>	£
Remuneration receivable	295,385	248,077
Company pension contributions to defined contribution schemes	46,875	39,062
	<u>342,260</u>	<u>287,139</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

Remuneration for qualifying services	<u>100,000</u>	<u>83,654</u>
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**KSW ENGINEERING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2018**

**6 DIRECTORS' REMUNERATION** *(continued)*

The number of directors who accrued benefits under company pension schemes was as follows:

	<b>Year to 31 Dec 2018</b>	Period from 1 Mar 2017 to 31 Dec 2017
	<b>Number</b>	Number
Money purchase schemes	<u>3</u>	<u>3</u>

Some of the company's directors were paid by other companies during the year and in the prior period. The emoluments of these directors are shown in the financial statements of other companies and it is not practical to make an apportionment of remuneration in respect of services provided to this company.

**7 INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>Year to 31 Dec 2018</b>	Period from 1 Mar 2017 to 31 Dec 2017
	<b>£</b>	£
Bank interest payable	<b>50,871</b>	39,069
Interest on finance leases and hire purchase contracts	<b>35,806</b>	44,190
Interest on loans from shareholders	<b>35,378</b>	35,844
	<u><b>122,055</b></u>	<u>119,103</u>

**KSW ENGINEERING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2018**

**8 TAXATION ON LOSS ON ORDINARY ACTIVITIES**

(a) Analysis of tax credit in the year/period

	Year to 31 Dec 2018 £	Period from 1 Mar 2017 to 31 Dec 2017 £
Current tax:		
UK Taxation in respect of the year/period:		
UK Corporation tax based on the results for the year/period	(106,300)	-
Adjustments in respect of prior periods	-	(45,198)
	<u>(106,300)</u>	<u>(45,198)</u>
Total current tax	(106,300)	(45,198)
Deferred tax:		
Origination and reversal of timing differences (note 15)	6,852	7,901
Adjustments in respect of prior periods	-	(2,516)
	<u>6,852</u>	<u>5,385</u>
Total deferred tax	6,852	5,385
Total tax credit on loss on ordinary activities	<u>(99,448)</u>	<u>(39,813)</u>

(b) Factors affecting current tax credit for the year/period

Total tax for the year/period when expressed as a percentage of loss on ordinary activities before taxation is higher at 20% (period from 1 March 2017 to 31 December 2017 - lower at 9%) than the standard rate of corporation tax in the UK of 19% (period from 1 March 2017 to 31 December 2017 - 19.1%)

	31 Dec 2018 £	1 Mar 2017 to 31 Dec 2017 £
Loss on ordinary activities before tax	(502,487)	(442,779)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% over the reporting year/period (2017 - 19.1%)	(95,473)	(84,571)
Expenses not deductible for tax purposes	(3,169)	6,549
Utilisation of tax losses not previously recognised	-	86,899
Difference in current tax rate and deferred tax rate	(806)	(976)
Adjustments in respect to prior periods	-	(47,714)
	<u>(99,448)</u>	<u>(39,813)</u>

Reduction in the UK corporation tax rate to 17% (effective from 1 April 2020) will reduce the company's future current tax charge accordingly.

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**9 INTANGIBLE FIXED ASSETS**

	<b>Welding certificates £</b>
<b>Cost</b>	
At 1 January 2018	328,421
Additions	12,514
	<b>340,935</b>
<b>Amortisation</b>	
At 1 January 2018	280,892
Amortisation charged for the year	19,853
	<b>300,745</b>
<b>Net book value</b>	
At 31 December 2018	<b>40,190</b>
At 1 January 2018	47,529

**10 TANGIBLE FIXED ASSETS**

	<b>Leasehold Property £</b>	<b>Plant &amp; Machinery £</b>	<b>Fixtures &amp; Fittings £</b>	<b>Motor Vehicles £</b>	<b>Total £</b>
<b>Cost</b>					
At 1 January 2018	15,000	7,335,743	339,684	30,324	7,720,751
Additions	-	275,147	-	-	275,147
Disposals	-	(46,364)	-	(15,995)	(62,359)
	<b>15,000</b>	<b>7,564,526</b>	<b>339,684</b>	<b>14,329</b>	<b>7,933,539</b>
<b>Depreciation</b>					
At 1 January 2018	9,286	3,273,526	192,001	24,641	3,499,454
Charge for the year	546	393,771	14,138	1,091	409,546
On disposals	-	(21,804)	-	(13,723)	(35,527)
	<b>9,832</b>	<b>3,645,493</b>	<b>206,139</b>	<b>12,009</b>	<b>3,873,473</b>
<b>Net Book Value</b>					
At 31 December 2018	<b>5,168</b>	<b>3,919,033</b>	<b>133,545</b>	<b>2,320</b>	<b>4,060,066</b>
At 1 March 2017	5,714	4,062,217	147,683	5,683	4,221,297

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**10 TANGIBLE FIXED ASSETS** *(continued)*

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchases contracts.

	<b>2018</b>	<b>2017</b>
	£	£
Plant and machinery	<b>1,845,858</b>	<b>1,105,520</b>
Depreciation charge for the year in respect of leased assets	<b>137,192</b>	<b>98,652</b>

**11 STOCKS**

	<b>2018</b>	<b>2017</b>
	£	£
Raw materials	<b>43,820</b>	<b>110,455</b>
Work in progress	<b>556,202</b>	<b>323,892</b>
	<b>600,022</b>	<b>434,347</b>

**12 DEBTORS**

	<b>2018</b>	<b>2017</b>
	£	£
Amounts falling within one year:		
Trade debtors	<b>1,712,304</b>	<b>1,128,047</b>
Amounts due from related party	<b>7,914</b>	<b>-</b>
Corporation tax repayable	<b>106,300</b>	<b>45,176</b>
Prepayments and accrued income	<b>51,001</b>	<b>8,207</b>
	<b>1,877,519</b>	<b>1,181,430</b>

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**13 CREDITORS: Amounts falling due within one year**

	<b>2018</b>	2017
	<b>£</b>	£
Bank loans and overdrafts	<b>1,036,907</b>	696,077
Trade creditors	<b>516,918</b>	302,203
Amounts owed to related party	<b>15,697</b>	-
Amounts owed to shareholders	<b>1,808,682</b>	1,726,000
Other taxation and social security	<b>153,084</b>	108,377
Obligations under finance leases	<b>350,186</b>	215,224
Other creditors	<b>17,037</b>	-
Accruals and deferred income	<b>89,643</b>	162,541
	<b><u>3,988,154</u></b>	<u>3,210,422</u>

HSBC Invoice Finance (UK) Limited hold a floating charge over the whole assets of the company.

The amount due to shareholders is in respect of loans from the shareholders of the company, which bear interest at a fixed rate of 2.5% and are repayable on demand. The accrued interest relating to the shareholders loans of £82,682 (period from 1 March 2017 to 31 December 2017 - £98,888) is included within the loan balance.

**14 CREDITORS: Amounts falling due after one year**

	<b>2018</b>	2017
	<b>£</b>	£
Obligations under finance leases	<b>503,745</b>	265,402
Accruals and deferred income	<b>106,528</b>	90,611
	<b><u>610,273</u></b>	<u>356,013</u>

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**15 DEFERRED TAXATION**

The deferred tax included in the balance sheet is as follows:

	2018	2017
	£	£
Included in provisions	<b>152,488</b>	145,636

The movement in the deferred taxation provision during the year/period was:

	2018	2017
	£	£
Provision brought forward	145,636	140,251
Profit and loss account movement arising during the year/period (note 8)	6,852	7,901
Adjustments in respect to the prior period (note 8)	-	(2,516)
Provision carried forward	<b>152,488</b>	145,636

The deferred tax provision consists of the tax effect of timing differences in respect of:

	2018	2017
	£	£
Accounting depreciation in excess of capital allowances	167,112	154,245
Interest on shareholder loan deductible in future periods	<b>(14,624)</b>	(8,609)
	<b>152,488</b>	145,636

**16 PENSIONS**

The company operates a defined contribution scheme for all qualifying employees. Contributions to the scheme for the year ended 31 December 2018 amounted to £116,473 (period from 1 March 2017 to 31 December 2017 - £100,440). The assets of the scheme are held separately from those of the company in an independently administered fund.

**17 COMMITMENTS UNDER OPERATING LEASES**

At 31 December 2018 the company had total future minimum lease payments under non-cancellable operating leases as set out below:

	<b>Land and buildings</b>	
	2018	2017
	£	£
Operating leases for which payment is due:		
Within 1 year	175,000	175,000
Within 2 to 5 years	629,583	694,583
In over 5 years	476,667	586,667
	<b>1,281,250</b>	1,456,250

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**18 SHARE CAPITAL**

Allotted, called up and fully paid:

	2018		2017	
	Number	£	Number	£
Ordinary shares of £1 each	10,942	10,942	10,942	10,942

**19 OWNERSHIP**

The company is jointly owned by Denholm Oilfield Services Limited and the Wilson Family. The ultimate joint venture parent undertaking is Denholm Oilfield Services Limited. The registered address of each partner is shown below:

**Joint venture parent undertaking**  
Denholm Oilfield Services Limited  
Wilson Family

**Registered address**  
12 Finsbury Square, London  
7 Stirling Road, Glenrothes

Copies of the financial statements of Denholm Oilfield Services Limited, may be obtained from the Registrar of Companies, Crown Way, Cardiff, CF14 3UZ.

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**20 RELATED PARTY TRANSACTIONS**

<b>2018</b>	<b>Sales to related party</b>	<b>Trading balances owed to related party</b>	<b>Purchases from related party</b>	<b>Trading balances owed from related party</b>	<b>Interest payable to related party</b>	<b>Loans owed to related party</b>
Related Party	£	£	£	£	£	£
Denholm Oilfield Services Ltd	-	15,697	-	-	17,729	904,260
A S Wilson	-	-	-	-	9,967	510,775
A S Wilson	-	-	-	-	4,094	209,790
P J Wilson	-	-	-	-	3,588	183,857
Denholm Engineering Ltd	18,515	-	7,534	7,914	-	-
	<u>18,515</u>	<u>15,697</u>	<u>7,534</u>	<u>7,914</u>	<u>35,378</u>	<u>1,808,682</u>
	<u><u>18,515</u></u>	<u><u>15,697</u></u>	<u><u>7,534</u></u>	<u><u>7,914</u></u>	<u><u>35,378</u></u>	<u><u>1,808,682</u></u>
<b>2017</b>	<b>Sales to related party</b>	<b>Trading balances owed to related party</b>	<b>Purchases from related party</b>	<b>Trading balances owed from related party</b>	<b>Interest payable to related party</b>	<b>Loans owed to related party</b>
Related Party	£	£	£	£	£	£
Denholm Oilfield Services Ltd	-	-	-	-	17,922	863,000
A S Wilson	-	-	-	-	10,107	488,000
A S Wilson	-	-	-	-	4,168	200,000
P J Wilson	-	-	-	-	3,647	175,000
Denholm Engineering Ltd	13,128	13,128	8,002	1,814	-	-
Denholm Valvecare Ltd	5,220	-	-	-	-	-
	<u>18,348</u>	<u>13,128</u>	<u>8,002</u>	<u>1,814</u>	<u>35,844</u>	<u>1,726,000</u>
	<u><u>18,348</u></u>	<u><u>13,128</u></u>	<u><u>8,002</u></u>	<u><u>1,814</u></u>	<u><u>35,844</u></u>	<u><u>1,726,000</u></u>