

Company Registration No. 03908728 (England and Wales)

TSG BUILDING SERVICES PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2018

TSG BUILDING SERVICES PLC

COMPANY INFORMATION

Directors	S J Gwynn J P Holloway B L Rees A J Thrussell R J Glendinning
Secretary	R J Glendinning
Company number	03908728
Registered office	TSG House Cranbourne Industrial Estate Carnborne Road Potters Bar Herts EN6 3JN
Auditor	Newton & Garner Limited Chartered Accountants Building 2, 30 Friern Park North Finchley London N12 9DA

TSG BUILDING SERVICES PLC

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TSG BUILDING SERVICES PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 30 APRIL 2018

The directors present the strategic report for the year ended 30 April 2018.

Fair review of the business

TSG Building Services PLC (TSG) has seen turnover increase in the year to £36,039,453 (2017 - £32,615,704) an increase of 10.5% on last year. This has been due to secured new contracts in the year and the late starting contracts from last year coming through. Gross margins remain relatively constant at 18.3% of turnover (2017 – 18.8%). Operating profit has slightly reduced to 5.6% of turnover (2017 – 6.4%) at £2,007,202 (2017 - £2,081,039).

TSG has seen significant growth over the last five years and this has been as a direct result of the hard work and focus of the company's directors and employees. The business continues to seek operational process improvements that drive efficiencies that will deliver an improved service to our customers. This drive results in stronger management of our direct costs and overheads. Our resources, both human and technological, and how we use them are key to the ongoing success of the business and we have again made significant investment in these areas in the year.

The company continues to focus on sustainable growth and providing the services and customer care our clients expect from us. The divisions of the company can provide adaptable solutions for the many different types of services and products our clients demand. We have successfully obtained new client contracts in the year and the directors continue to seek new opportunities with improved margins. The market is still very competitive and the directors expect this to continue in the coming year.

Principal risks and uncertainties

The UK market place remains highly competitive and losing sales to key competitors is a continued risk to the company. The company manages this risk by ensuring the high quality levels of its products and services is sustained and that it continues to build and hold strong relationships with its customers, supply chain and employees.

Development and performance

UK market conditions remain challenging and highly competitive. The potential impact of Brexit on the UK economy is yet to be seen however the continued economic uncertainty will no doubt bring more challenges in the year ahead. Market conditions have been steady over the past twelve months, however the number of new opportunities for the company have continued to grow especially in the new build, commercial gas installations and maintenance and renewable sectors over the year and TSG has a strong sustainable order book in the medium term.

The company continues to review and develop its resources in the delivery of its operations and will seek to capitalise further cost benefits through greater efficiencies in the year ahead by embracing new technologies and the ongoing recruitment and development of our staff in the key areas of the business. We expect to see more of the benefit of this investment in the coming year 2018/2019. The company regularly reviews its operations and resources to ensure it is best placed to deliver exceptional service to our customers.

We expect to see continued expansion of the companies work streams in the area of commercial gas installations and maintenance and new build. The company has continued to invest in the resources to drive this forward and continues to invest in our core business. Further growth is expected in the coming years. We will continue to add value from the services and products we provide our clients and maintain sustainable growth going forward.

Key performance indicators

TSG BUILDING SERVICES PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

PROFITABILITY RATIOS: 2018 2017 2016

Gross Profit (%)	18.3%	18.8%	17.0%
Profit before Tax (%)	5.7%	6.3%	5.2%

EMPLOYEE RATIOS:

No. of Employees	259	250	244
Profit/Employee (£'000)	7.8	8.3	7.7

The directors monitor the gross margin achieved on each project and utilise the resources available to maximise profits for the company.

By order of the board

R J Glendinning
Secretary
30 October 2018

TSG BUILDING SERVICES PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2018

The directors present their annual report and financial statements for the year ended 30 April 2018.

Principal activities

The principal activity of the company was that of the provision of building services to Social Housing groups.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

S J Gwynn

J P Holloway

B L Rees

A J Thrussell

B P Thrussell

(Resigned 8 May 2018)

C A Thrussell

(Resigned 8 May 2018)

R J Glendinning

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Auditor

In accordance with the company's articles, a resolution proposing that Newton & Garner Limited be reappointed as auditor of the company will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Financial instruments and risk management

The company's financial assets and liabilities consist of trade debtors and creditors, cash balances, finance leases and bank borrowings.

The directors manage the company's exposure to financial risk by researching the credit worthiness of customers and by seeking advice from the company's providers of finance.

By order of the board

R J Glendinning

Secretary

30 October 2018

TSG BUILDING SERVICES PLC

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 APRIL 2018

The directors are responsible for preparing the annual 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 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 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 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.

TSG BUILDING SERVICES PLC

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TSG BUILDING SERVICES PLC

Opinion

We have audited the financial statements of TSG BUILDING SERVICES PLC (the 'company') for the year ended 30 April 2018 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the 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 FRS 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 30 April 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our 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 our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

TSG BUILDING SERVICES PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF TSG BUILDING SERVICES PLC

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Robert Knight, FCCA, ATII (Senior Statutory Auditor)
for and on behalf of Newton & Garner Limited

30 October 2018

Chartered Accountants
Statutory Auditor

Chartered Accountants
Building 2, 30 Friern Park
North Finchley
London
N12 9DA

TSG BUILDING SERVICES PLC

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2018

	Notes	2018 £	2017 £
Turnover	3	36,039,453	32,615,704
Cost of sales		(29,432,933)	(26,492,924)
Gross profit		6,606,520	6,122,780
Administrative expenses		(4,609,350)	(4,052,015)
Other operating income		10,032	10,274
Operating profit	4	2,007,202	2,081,039
Interest receivable and similar income	7	3,054	2,523
Interest payable and similar expenses	8	(15,470)	(26,411)
Fair value gains and losses on investment properties	11	75,000	-
Profit before taxation		2,069,786	2,057,151
Tax on profit	9	(407,946)	(438,504)
Profit for the financial year		1,661,840	1,618,647
Other comprehensive income			
Revaluation of tangible fixed assets		374,220	-
Total comprehensive income for the year		2,036,060	1,618,647

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

TSG BUILDING SERVICES PLC

BALANCE SHEET

AS AT 30 APRIL 2018

	Notes	2018 £	2017 £
Fixed assets			
Tangible assets	10	1,395,036	986,347
Investment properties	11	250,000	175,000
		<u>1,645,036</u>	<u>1,161,347</u>
Current assets			
Stocks	13	111,945	60,097
Debtors	14	11,226,487	8,340,095
Cash at bank and in hand		3,240,996	2,457,809
		<u>14,579,428</u>	<u>10,858,001</u>
Creditors: amounts falling due within one year	15	<u>(8,487,703)</u>	<u>(6,371,672)</u>
Net current assets		<u>6,091,725</u>	<u>4,486,329</u>
Total assets less current liabilities		<u>7,736,761</u>	<u>5,647,676</u>
Creditors: amounts falling due after more than one year	16	(104,080)	(144,125)
Provisions for liabilities	18	(130,563)	(37,493)
Net assets		<u><u>7,502,118</u></u>	<u><u>5,466,058</u></u>
Capital and reserves			
Called up share capital	21	54,000	54,000
Revaluation reserve		415,643	41,423
Capital redemption reserve		6,000	6,000
Profit and loss reserves		<u>7,026,475</u>	<u>5,364,635</u>
Total equity		<u><u>7,502,118</u></u>	<u><u>5,466,058</u></u>

The financial statements were approved by the board of directors and authorised for issue on 30 October 2018 and are signed on its behalf by:

A J Thrussell
Director

Company Registration No. 03908728

TSG BUILDING SERVICES PLC

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2018

	Share capital	Revaluation reserve	Capital redemption reserve	Profit and loss reserves	Total
	£	£	£	£	£
Balance at 1 May 2016	54,000	41,423	6,000	3,745,988	3,847,411
Year ended 30 April 2017:					
Profit and total comprehensive income for the year	-	-	-	1,618,647	1,618,647
Balance at 30 April 2017	54,000	41,423	6,000	5,364,635	5,466,058
Year ended 30 April 2018:					
Profit for the year	-	-	-	1,661,840	1,661,840
Other comprehensive income:					
Revaluation of tangible fixed assets	-	374,220	-	-	374,220
Total comprehensive income for the year	-	374,220	-	1,661,840	2,036,060
Balance at 30 April 2018	54,000	415,643	6,000	7,026,475	7,502,118

TSG BUILDING SERVICES PLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash generated from operations	26	1,334,900		820,321	
Interest paid		(15,470)		(26,411)	
Income taxes paid		(480,881)		(569,290)	
Net cash inflow from operating activities		838,549		224,620	
Investing activities					
Purchase of tangible fixed assets		(21,711)		(82,302)	
Proceeds on disposal of tangible fixed assets		1,600		6,700	
Interest received		3,054		2,523	
Net cash used in investing activities		(17,057)		(73,079)	
Financing activities					
Repayment of bank loans		(38,305)		(37,034)	
Net cash used in financing activities		(38,305)		(37,034)	
Net increase in cash and cash equivalents		783,187		114,507	
Cash and cash equivalents at beginning of year		2,457,809		2,343,302	
Cash and cash equivalents at end of year		3,240,996		2,457,809	

TSG BUILDING SERVICES PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2018

1 Accounting policies

Company information

TSG BUILDING SERVICES PLC is a private company limited by shares incorporated in England and Wales. The registered office is TSG House, Cranbourne Industrial Estate, Carnborne Road, Potters Bar, Herts, EN6 3JN.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the 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.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from contracts is recognised by reference to the state of completion when the state of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to labour and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Freehold	Held at open market value
Plant and machinery	10% - 25% of cost per annum
Fixtures, fittings & equipment	10% of cost per annum
Motor vehicles	25% of cost per annum

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

TSG BUILDING SERVICES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

1 Accounting policies

(Continued)

1.5 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

1.6 Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash at bank and in hand

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in creditors falling due within one year.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

TSG BUILDING SERVICES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

TSG BUILDING SERVICES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

TSG BUILDING SERVICES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

TSG BUILDING SERVICES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements.

Revenue Recognition

The company assess the most likely outcome of each contract based on a number of technical & contractual factors. The company applies a prudent approach in assessing the carrying value in amounts recoverable on contracts and will provide for any debts not deemed recoverable.

Freehold and Investment Properties

The properties were valued at open market during 2018 using independent valuations from Brown & Lee Chartered Surveyors and JR Property Services.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2018 £	2017 £
Turnover analysed by class of business		
Building services	36,039,453	32,615,704

4 Operating profit

	2018 £	2017 £
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditors for the audit of the company's financial statements	21,000	19,500
Depreciation of owned tangible fixed assets	72,080	75,878
Loss on disposal of tangible fixed assets	1,342	7,060
Operating lease charges	619,299	537,802

TSG BUILDING SERVICES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

5 Employees

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

	2018 Number	2017 Number
Office and administration	71	82
Production and site	188	168
	<u>259</u>	<u>250</u>

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	8,994,398	7,985,202
Social security costs	861,116	843,586
Pension costs	114,337	86,958
	<u>9,969,851</u>	<u>8,915,746</u>

6 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	720,354	714,774
Company pension contributions to defined contribution schemes	78,450	47,762
	<u>798,804</u>	<u>762,536</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 6.

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

Remuneration for qualifying services	128,206	127,961
Company pension contributions to defined contribution schemes	31,800	21,675
	<u>160,006</u>	<u>149,636</u>

7 Interest receivable and similar income

	2018 £	2017 £
Interest income		
Interest on bank deposits	3,054	2,523
	<u>3,054</u>	<u>2,523</u>

TSG BUILDING SERVICES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

8 Interest payable and similar expenses

	2018 £	2017 £
Interest on bank overdrafts and loans	9,792	10,535
Other interest	5,678	15,876
	<u>15,470</u>	<u>26,411</u>

9 Taxation

	2018 £	2017 £
Current tax		
UK corporation tax on profits for the current period	416,905	438,205
	<u></u>	<u></u>
Deferred tax		
Origination and reversal of timing differences	(8,959)	299
	<u></u>	<u></u>
Total tax charge	<u>407,946</u>	<u>438,504</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2018 £	2017 £
Profit before taxation	<u>2,069,786</u>	<u>2,057,151</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.92%)	393,259	409,739
Tax effect of expenses that are not deductible in determining taxable profit	15,907	28,872
Effect of change in corporation tax rate	(1,220)	(107)
	<u></u>	<u></u>
Taxation charge for the year	<u>407,946</u>	<u>438,504</u>

TSG BUILDING SERVICES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

10 Tangible fixed assets

	Land and buildings Freehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost or valuation					
At 1 May 2017	788,000	257,084	9,250	232,852	1,287,186
Additions	-	21,711	-	-	21,711
Disposals	-	-	-	(5,043)	(5,043)
Revaluation	462,000	-	-	-	462,000
At 30 April 2018	1,250,000	278,795	9,250	227,809	1,765,854
Depreciation and impairment					
At 1 May 2017	-	164,898	1,850	134,091	300,839
Depreciation charged in the year	-	30,888	925	40,267	72,080
Eliminated in respect of disposals	-	-	-	(2,101)	(2,101)
At 30 April 2018	-	195,786	2,775	172,257	370,818
Carrying amount					
At 30 April 2018	1,250,000	83,009	6,475	55,552	1,395,036
At 30 April 2017	788,000	92,186	7,400	98,761	986,347

Land and buildings were valued during 2018 at open market value using an independent valuation from Brown & Lee Chartered Surveyors.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2018 £	2017 £
Cost	727,567	727,567
Accumulated depreciation	-	-
Carrying value	727,567	727,567

11 Investment property

	2018 £
Fair value	
At 1 May 2017	-
Transfers from owner-occupied property	175,000
Net gains or losses through fair value adjustments	75,000
At 30 April 2018	250,000

TSG BUILDING SERVICES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

11 Investment property (Continued)

The property was valued at open market value during 2018 using an independent valuation from JR Property Services.

12 Financial instruments

	2018 £	2017 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	6,998,992	5,721,488
Carrying amount of financial liabilities		
Measured at amortised cost	7,613,499	5,916,573

13 Stocks

	2018 £	2017 £
Raw materials and consumables	111,945	60,097

14 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	6,867,468	5,668,712
Gross amounts due from contract customers	3,206,669	1,525,596
Other debtors	131,524	384,366
Prepayments and accrued income	1,020,826	761,421
	11,226,487	8,340,095

15 Creditors: amounts falling due within one year

	2018 £	2017 £
	Notes	
Bank loans and overdrafts	17	39,233
Trade creditors		7,139,715
Corporation tax		179,890
Other taxation and social security		798,394
Other creditors		119,299
Accruals and deferred income		211,172
		8,487,703
		5,258,091
		258,115
		341,109
		196,436
		280,428

TSG BUILDING SERVICES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

16 Creditors: amounts falling due after more than one year

	Notes	2018 £	2017 £
Bank loans and overdrafts	17	104,080	144,125
		<u> </u>	<u> </u>

17 Loans and overdrafts

	2018 £	2017 £
Bank loans	143,313	181,618
	<u> </u>	<u> </u>
Payable within one year	39,233	37,493
Payable after one year	104,080	144,125
	<u> </u>	<u> </u>

The bank loan is secured by a fixed charge over the property held by the company and is at a rate of 3.75% over the bank base rate repayable over ten years.

The directors' loan are unsecured, interest free and repayable on demand. The loans represents amounts owed to C A Thrussell, B P Thrussell and A J Thrussell,

18 Provisions for liabilities

	Notes	2018 £	2017 £
Deferred tax liabilities	19	130,563	37,493
		<u> </u>	<u> </u>

19 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2018 £	Liabilities 2017 £
Balances:		
ACAs	17,523	26,483
Revaluations	113,040	11,010
	<u> </u>	<u> </u>
	130,563	37,493
	<u> </u>	<u> </u>

TSG BUILDING SERVICES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

19	Deferred taxation	(Continued)
		2018
	Movements in the year:	£
	Liability at 1 May 2017	37,493
	Credit to profit or loss	(7,740)
	Charge to equity	102,030
	Effect of change in tax rate - profit or loss	(1,220)
	Liability at 30 April 2018	<u>130,563</u>

20	Retirement benefit schemes	2018	2017
	Defined contribution schemes	£	£
	Charge to profit or loss in respect of defined contribution schemes	<u>114,337</u>	<u>86,958</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

21	Share capital	2018	2017
		£	£
	Ordinary share capital		
	Issued and fully paid		
	54,000 Ordinary shares of £1 each	<u>54,000</u>	<u>54,000</u>
		<u>54,000</u>	<u>54,000</u>

22 Financial commitments, guarantees and contingent liabilities

Bonds to Local Authorities are £250,000 (2017 - £250,000).

Barclays Bank PLC have a fixed and floating charge on 10 Maynard Place, Cuffley.

TSG BUILDING SERVICES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

23 Operating lease commitments

Lessee

	2018 £	2017 £
Within one year	414,115	270,430
Between two and five years	464,877	226,769
	<u>878,992</u>	<u>497,199</u>

24 Events after the reporting date

On 8th May 2018 the company purchased 36,180 shares from shareholders in the company for a consideration of £4,020,000.

25 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2018 £	2017 £
Aggregate compensation	<u>798,804</u>	<u>762,536</u>

The company entered into transactions with related parties during the course of the year. The related parties exists as they are under control of directors of the company. During the year the company had the following transactions with the related parties:

- The company made sales of £255,846 (2017: - £250,012) in respect of management services to the related party. There is a balance owed to the company of £678,306, which is shown as debtors at the year end.
- The related party made sales of £229,396 (2017: - £318,911) to the company. There is a balance of £844,124 shown in creditors in respect of balances owed to the related parties at the year end.

TSG BUILDING SERVICES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

26 Cash generated from operations

	2018 £	2017 £
Profit for the year after tax	1,661,840	1,618,647
Adjustments for:		
Taxation charged	407,946	438,504
Finance costs	15,470	26,411
Investment income	(3,054)	(2,523)
Loss on disposal of tangible fixed assets	1,342	7,060
Fair value gains and losses on foreign exchange contracts and investment properties	(75,000)	-
Depreciation and impairment of tangible fixed assets	72,080	75,878
Movements in working capital:		
(Increase)/decrease in stocks	(51,848)	17,501
(Increase)/decrease in debtors	(3,217,982)	368,674
Increase/(decrease) in creditors	2,524,106	(1,729,831)
Cash generated from operations	1,334,900	820,321

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