

**Company Registration Number: 04013621**

**ACTAVO (UK) LIMITED**  
**Report and Financial Statements**  
**for the year ended**  
**31 December 2019**

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**ACTAVO (UK) LIMITED**

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**DIRECTORS AND OTHER INFORMATION**

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**DIRECTORS**

Sean Lucey  
Stuart McDonald (resigned 23/12/2019)  
Brian Kelly

**SECRETARY AND REGISTERED OFFICE**

Barry O'Donnell  
Unit C  
Cedar Court Office Park  
Denby Dale Road  
Calder Grove  
Wakefield  
WF4 3FU

**AUDITORS**

Mazars  
Chartered Accountants  
& Statutory Audit Firm  
Harcourt Centre  
Block 3  
Harcourt Road  
Dublin 2

**SOLICITORS**

Gosschalks  
Queens Gardens  
Hull  
HUI 3DZ

**BANKERS**

Lloyds TSB Bank  
Business & Commercial Service Centre  
6/7 Park Row  
Leeds  
LS1 1NX

AIB  
Naas Road  
Dublin 22  
Ireland

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**STRATEGIC REPORT**

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The directors present their strategic report for the year ended 31 December 2019.

**1. REVIEW AND ANALYSIS OF THE BUSINESS DURING THE CURRENT YEAR**

Actavo (UK) Limited comprised two operating divisions until the 30 September 2019 when the Hire and Sales division moved to Actavo Hire & Sales UK Limited. The Hire & Sales division specialised in the hire and sale of scaffolding, light access and shoring equipment. The Industrial Solutions division is a provider of multi-disciplinary, access, insulation, asbestos removal, protective coating and passive fire protection services to a blue-chip customer base across a range of market sectors. The company had an average workforce of 469 employees for the year ended 31 December 2019 (2018: 640).

2019 saw a significant turnaround in performance for the business, following the fundamental reorganisation of the company's Industrial Solutions division over the course of 2018 and into early 2019. The continuing business in 2019 reported EBITDA of £4.4m (2018: £5.4m) and Operating loss of £0.1 (2018: £0.7m). Discontinued contracts in the Industrials business had an operating loss of £Nil (2018: £4.8m), resulting in total operating loss for 2019 of £(0.1m) (2018: -£4.3m)

The trading result as presented in the Statement of Comprehensive Income (page 15), has been analysed by "Continuing" and "Discontinuing" activity.

**Overall Company Performance**

The overall result for 2019 is set out in the table below:

	2019			2018		
	Continuing £'000	Discontinuing £'000	Total £'000	Continuing £'000	Discontinuing £'000	Total £'000
Turnover	50,529	0	50,529	70,035	1,735	71,770
Gross profit(loss)	8,869	0	8,869	15,909	(2,652)	13,257
Operating Profit(loss)	(72)	0	(72)	665	(4,932)	(4,267)
Loss for the financial year	(1,143)	0	(1,143)	(318)	(5,214)	(5,532)
EBITDA	4,460	0	4,460	5,448	(4,792)	656

Continuing trading items comprise the results of ongoing business activity. There was a year on year reduction in continuing turnover as the Industrial Solutions business focussed on retaining and developing relationships with a targeted number of customers. The continuing business delivered a positive EBITDA trading performance of £4.5m (2018: £5.5m).

Discontinuing Items comprise the results of business segments ('Project Winter' Industrial Sites) which the group had entirely exited by the end of December 2018. Included in the discontinuing loss for the year of £Nil (2018: £4.9m), were exceptional costs of £Nil (2018: £5.0m) attributable to one-off restructuring costs arising out of exiting those contracts.

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**STRATEGIC REPORT**

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**1. REVIEW AND ANALYSIS OF THE BUSINESS DURING THE CURRENT YEAR (CONTINUED)****Outlook**

The Company's trading performance has improved considerably delivering a small operating loss for 2019, due to the increased focus on operations of our core business.

Notwithstanding the expected return to profitability in 2020, the board and executive management team are in the process of continuing to reposition the Company with the focus on strategically aligned core divisions going forward. This repositioning will allow the Company generate capital through the restructuring of non-core assets. This process of realignment is on-going currently, but the board are confident that the realigned core business focus for the future business supported by a strong management team is the appropriate strategy for the company at this point.

**2. RISKS & UNCERTAINTIES**

The main risks for the Company are price risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below:

*(a) Price risk*

The Company is exposed directly and indirectly to commodity price risk, given the nature of its operations. The Company seeks to minimise the adverse effect of the above risks by economies of purchasing, strong inventory management and developing good long-term relationships with multiple suppliers.

*(b) Credit risk*

Company policy dictates that appropriate checks are carried out on potential customers before sales are transacted. Company management actively manages receivables through continuous monitoring of accounts receivables.

*(c) Liquidity risk*

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management requires maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

The company does not enter into any formally designated hedging transactions. There is some exposure to interest rate risk through the use of borrowings with variable rates, but these are over relatively short periods and the directors consider the level of risk to be acceptable.

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**ACTAVO (UK) LIMITED**

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**STRATEGIC REPORT**

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**2. RISKS & UNCERTAINTIES (CONTINUED)***(d) Health and Safety*

The company adheres to best practice regarding employee welfare and complies in all material respects with environmental legislation and health and safety requirements. Health & Safety is at the core of the business and the investment in driving standards higher across the organisation through training & education of staff, has led to the company winning ROSPA (The Royal Society for the Prevention of Accidents) Order of Distinction following 15 years of consecutive gold awards.

The company is a subsidiary of Actavo Group Limited, a company incorporated in the Republic of Ireland. Actavo is a leading engineering solutions company operating in 100+ locations (across Ireland, UK, US, Kazakhstan and the Caribbean), with an annual turnover in 2019 in excess of €259m (2018: €304m). The Actavo group has a highly-skilled workforce of over 2,400 people over 100 strategic locations.

Actavo's ethos of performance excellence is anchored in over four decades of experience, during which time the company has been involved in large-scale and complex infrastructural projects. The experience amassed over this period has given the company a deep understanding of the industries it serves.

The Board would like to express its appreciation to both the current and new employees for the ongoing support and dedication to the business.

*(e) Covid-19*

Please refer to (8) below events since the financial year-end for more details on Covid-19 on the business.

*(f) Brexit*

The Company has carried out a study of the potential risks arising from the UK exiting the European Union. Also, it has made preparations to allow for a disruption of supply of new equipment and/or materials in the event of a disorderly exit. The directors consider that the Company is as well prepared for the UK exiting the European Union as it can be, notwithstanding that the current uncertainty regarding the terms of any exit does not make it possible to fully evaluate the effects that the introduction of, for example, new tariffs, may bring.

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**ACTAVO (UK) LIMITED**


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**STRATEGIC REPORT**


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**3. KEY PERFORMANCE INDICATORS**

The business has budgetary and financial reporting procedures, supported by appropriate key performance indicators, to manage credit, liquidity and the other financial risks. The principal key performance indicators used by management to monitor performance are as follows:

- Turnover;
- Gross Margin;
- PBT (Profit Before Tax);
- EBIT (Earnings Before Interest, Tax);
- EBITDA (Earnings Before Interest, Tax, Depreciation, Amortization);
- Net Debt;
- Gross Assets;
- Equity;
- Debtors days;
- AFR (Accident Frequency Rate); and
- Stock Utilisation

All of the KPIs for current and prior year are set out below:

	2019	2018
Total Turnover (£'000)	50,529	71,770
Continuing Turnover (£'000)	50,529	70,035
Total Gross Margin (£'000)	8,869	13,257
Total Gross Margin (%)	17.6%	18.4%
Gross Margin Continuing Business (£'000)	8,869	15,909
Gross Margin Continuing Business (%)	17.6%	22.7%
PBT Continuing Business (£'000)	(1,143)	(318)
EBIT Continuing Business (£'000)	(72)	665
EBITDA Continuing Business (£'000)	4,460	5,448
Net Debt (£'000)	(21,646)	(40,857)
Gross Assets (£'m)	51.0	83.0
Equity (£'m)	13.0	14.6
Debtors Days	65	57
AFR (Accident Frequency Rate)	0.7	2.3
Stock Utilisation	N/A	59%

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**ACTAVO (UK) LIMITED**


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**STRATEGIC REPORT**


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**3. KEY PERFORMANCE INDICATORS (CONTINUED)**
**Actavo Group Limited**

The company is a wholly owned subsidiary of Actavo Group Limited. For the 12-month audited period to 31 December 2019, the business reported revenues of €259.4m (2018: €315.7m) and EBITDA from continuing activities of €23.1m (2018: €14.1m).

	Year to 31 December 2019	Year to 31 December 2018
	€m	€m
Continuing Turnover	259.4	303.8
Continuing EBITDA	23.1	14.1

The Actavo Group continues to hold a strong balance sheet to support the operational activities of its subsidiaries and joint ventures. Actavo Group reported Gross Assets of €165.2m at the year end 2019 (2018: €183.1m) and Shareholders funds of €5.9m (2018: €15.7m)

**4. DIRECTORS' STATEMENT OF COMPLIANCE WITH DUTY TO PROMOTE THE SUCCESS OF THE COMPANY**

The directors of the company act in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so, have regard (amongst other matters) to:

*The likely consequence of any decision in the long term*

As part of the Actavo Group, we have a detailed budget and strategic plan which incorporates the key decisions and risks. As part of our planning process, we consider the input and requirements of our key customers and suppliers with a focus on quality and Health and Safety. Health & Safety is at the core of the business and the Actavo Group have a strategic goal of "Zero Harm". The input from our key management team and employees was invaluable as we formulated our strategic plan and focus. We are continuing to work with our customers, suppliers and employees to work on enhancing how we do things, always striving to improve our processes. Our plans are demanding but will position the company well against our longer-term value creation vision whilst honouring our commitments to our stakeholders.

*The interests of the company's employees*

In today's volatile, complex and uncertain world, the efficient management of people is one of the key drivers of business success. One of the challenges for companies is aligning the interests of the employees with those of the business. In 2019, and previous years, the company and Actavo Group have invested heavily in both training and development and in the health and safety of all employees. Actavo Group are focused on ensuring employees are motivated and safe in their working environment.

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**STRATEGIC REPORT**

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**4. DIRECTORS' STATEMENT OF COMPLIANCE WITH DUTY TO PROMOTE THE SUCCESS OF THE COMPANY (CONTINUED)***The need to foster the company's business relationships with suppliers, customers and others*

A priority for the company, board and employees is to form sustainable and long-lasting relationships with both customers and suppliers. We work to provide the highest level of excellence and professionalism when dealing with all stakeholders. We obtain regular feedback from customers and suppliers and aim to incorporate this into our way of operating. We are driven to be innovative and proactive in delivering solutions that meet our client's expectations while not losing sight of their changing requirements.

We encourage our supply chain to share our passion to embed safety excellence into everything we do.

*The impact of the company's operations on the community and the environment*

We recognise the impact that our business has on the environment and on the communities where we operate. We strive to minimise our impact on the environment while working with the local communities to leave a lasting and positive impact. Our energy management programme targets year on year reduction in fuel consumption. We continuously work with our customers and suppliers to ensure we are improving our processes to continue to operate in a sustainable manner.

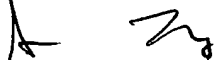
*The desirability of the company maintaining a reputation for high standards of business conduct*

Actavo Group are an engineering services group with a global reach. The mission of the company is to be a leading provider of multi-disciplinary, access, insulation, asbestos removal, protective coating and passive fire protection services to a blue-chip customer base across a range of market sectors. We do this through exceptional management delivering the highest standards of safety, quality and customer service.

*The need to act fairly as between members of the company*

The Actavo Group's Code of Ethics and Conduct, which incorporates the principles and values of the shareholders, is championed by the board of directors and wider management teams. It sets out the core principles, standards and conduct that enable us to accomplish our goals and promote our values, outlining the relevant legal and ethical standards and offering useful practical advice on how our staff should conduct themselves. Our Code of Ethics is applicable to all directors and employees.

**On behalf of the Board**



**Sean Lucey**  
Director

**23 December 2020**

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**ACTAVO (UK) LIMITED**

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**DIRECTORS' REPORT**

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The directors present their report together with the audited financial statements for the year ended 31 December 2019.

**1. PRINCIPAL ACTIVITIES**

Actavo (UK) Limited is a leading provider of multi-disciplinary, access, insulation, asbestos removal, protective coating and passive fire protection services to a blue-chip customer base across a range of market sectors. The company had an average workforce of 469 employees for the year ended 31 December 2019 (2018: 640).

**2. RESULTS AND DIVIDENDS**

The Company's Statement of Comprehensive Income and Statement of Financial Position for the year are set out on pages 17 and 18 respectively.

The directors do not propose a dividend for the year ended 31 December 2019.

**3. FINANCIAL RISK MANAGEMENT**

The Company's principal financial instruments comprise bank loans and overdrafts, finance leases and hire purchase contracts, invoice discounting and cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Company's operations. The Company has various other financial assets and liabilities such as trade receivables and trade payables, which directly arise from its operations.

**4. STRATEGIC REPORT**

The Company has chosen in accordance with S.414C(11) Companies Act 2006 to set out in the Company's strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the directors' report. These matters relate to the principal activities of the business, review of the business, principal risks and uncertainties and how the directors have engaged with employees.

**5. ULTIMATE PARENT COMPANY**

Actavo (UK) Limited is a wholly owned subsidiary of Deborah Services (Holdings) Limited, a company incorporated in the United Kingdom.

The ultimate parent company and the largest Group into which the entity is consolidated is Actavo Group Limited, a company incorporated in the Republic of Ireland.

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**ACTAVO (UK) LIMITED**

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**DIRECTORS' REPORT**

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**6. FUTURE DEVELOPMENTS**

The development and consolidation of the company's existing activities will continue to be the main area of attention in the coming year.

**7. RESEARCH AND DEVELOPMENT**

The Company did not engage in research and development activity during the year.

**8. EVENTS SINCE THE YEAR END**

In the first half of 2020, the outbreak of the Covid-19 pandemic spread throughout all the market locations in which the Group and Company operates. The initial impact of this has been severe and has resulted in significant slowdown in economic activity worldwide. The economic impact of the pandemic has been characterised by a 'lockdown' mode of many businesses in non-essential areas to ensure that people's movements are restricted in order to slow down the spread of the virus.

The current known impact on the Group has been reduced turnover in the period April to October 2020. The Group continued to generate revenues in the second quarter when normal levels of activity resumed as the Group provides essential services in the telecommunications and healthcare sectors. Management has worked to protect the Group's employees as much as possible through the lockdown period by using available employee government support schemes in both Ireland and UK. Management has also taken steps to mitigate the financial impacts of Covid-19 on the Group by minimising its cost base, restructuring commitments and removing all discretionary spend. The Group has weathered the worst effects of the pandemic crisis to date and is well positioned to resume normal level of operations in a speedy manner. Management continue to review changes to operations to ensure full compliance with government health and safety requirements.

The effect of Covid-19 presents many risks for the Group, the effects of which cannot be fully quantified at the time of approving the financial statements. Although the effects cannot be fully determined, the directors believe that the main risks and uncertainties associated with Covid-19 are as follows:

- a potential reduction in economic activity which may result in reduced spending and demand for the Company's services;
- a reduction in asset values;
- a prolonged period of government restrictions on the movement of people

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**DIRECTORS' REPORT**

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**9. DIRECTORS AND SECRETARY**

The present membership of the board is included on page 2.

On 23 December 2019, Stuart McDonald resigned as a director of the company.

In accordance with the Articles of Association, the directors are not required to retire by rotation.

**10. DISABLED EMPLOYEES**

The Company's attitude concerning the employment of disabled persons is the same as that relating to all other staff in matters of recruitment, continuity of employment, training, development and promotion. Nevertheless, the Company is very conscious of the difficulties experienced by the disabled and sympathetically takes account of individual circumstances.

**11. EMPLOYEE CONSULTATION**

Employee involvement and commitment is the established responsibility of the Board of Directors and requires their participation. Regular contact and exchanges of information between managers and staff are maintained through departmental manager's meetings and social functions. The Company promotes the principle of team briefing on a regular and continuous basis with the aim of ensuring that all employees are personally advised of the financial and commercial progress of the Company.

**12. POLITICAL CONTRIBUTIONS**

There were no political contributions during the financial year.

**13. CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with the exemptions available under FRS 101 and section 400(1) of the Companies Act 2006, the company has not prepared consolidated financial statements as its ultimate parent company's consolidated financial statements are publicly available. Therefore, the financial statements reflect the results of Actavo (UK) Limited only for the year ended 31 December 2019.

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**ACTAVO (UK) LIMITED**

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**DIRECTORS' REPORT**

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**14. DISCLOSURE OF INFORMATION TO THE AUDITORS**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information (as defined in the Companies Act 2006) 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.

**15. AUDITORS**

Mazars, Chartered Accountants and Statutory Audit Firm, have expressed their willingness to be reappointed in accordance with the Companies Acts 2006.

**On behalf of the Board**



**Sean Lucey**  
**Director**

**23 December 2020**

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**ACTAVO (UK) LIMITED**

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**DIRECTORS' RESPONSIBILITIES STATEMENT**

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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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 101 "The Reduced Disclosure Framework". Under company law, the directors must not approve the financial statements unless they are satisfied 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures being disclosed and explained in the financial statements;
- 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, 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**On behalf of the Board**



**Sean Lucey**  
**Director**

**23 December 2020**

**ACTAVO (UK) LIMITED**

**INDEPENDENT AUDITORS' REPORT**

To the members of ACTAVO (UK) LIMITED

**Report on the audit of the financial statements**

***Opinion***

We have audited the financial statements of Actavo (UK) Limited for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including the summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and FRS 101 The Reduced Disclosure Framework.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with FRS 101 The Reduced Disclosure Framework;
- 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.

***Emphasis of matter***

We draw attention to Note 2 in the financial statements, which describes the effects of Covid-19 on the Group subsequent to the year end. Our opinion is not modified in respect of this matter.

***Conclusions relating to going concern***

We have nothing to report in respect of the following matters in relation to which 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.

**ACTAVO (UK) LIMITED**

**INDEPENDENT AUDITORS' REPORT**

***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 auditors' 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 light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specific 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 set out on page 13, 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.

**ACTAVO (UK) LIMITED**

**INDEPENDENT AUDITORS' REPORT**

***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.

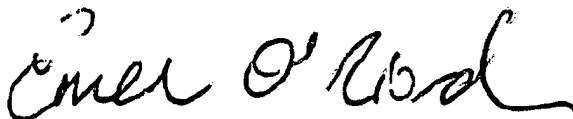
Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard. This report is made solely to the company's members 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.

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

***The purpose of our audit work and to whom we owe our responsibilities***

Our 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.

**Emer O'Riordan**  
**Senior Statutory Auditor**  
**For and on behalf of Mazars**  
**Chartered Accountants**  
**& Statutory Audit Firm**  
**Harcourt Centre, Block 3,**  
**Harcourt Road,**  
**Dublin 2**



**23 December 2020**

## ACTAVO (UK) LIMITED

STATEMENT OF COMPREHENSIVE  
INCOME

		Continuing (1) Trading Items	Discontinuing (2) Trading Items	Total Year ended 31-Dec	Continuing (1) Trading Items 2018 As restated	Discontinuing (2) Trading Items 2018 As restated	Total Year ended 31-Dec 2018 As restated
	Note	2019 £'000	2019 £'000	2019 £'000	2018 £'000	2018 £'000	2018 £'000
<b>Turnover</b>	5	<b>50,529</b>	-	<b>50,529</b>	<b>70,035</b>	<b>1,735</b>	<b>71,770</b>
Cost of sales		(41,660)	-	(41,660)	(54,126)	(4,387)	(58,513)
Group profit/(loss)		8,869	-	8,869	15,909	(2,652)	13,257
Administrative expenses		(8,941)	-	(8,941)	(15,244)	(2,280)	(17,524)
<b>Operating profit/(loss)</b>	6	<b>(72)</b>	-	<b>(72)</b>	<b>665</b>	<b>(4,932)</b>	<b>(4,267)</b>
Interest receivable and other income	7	3	-	3	4	-	4
Interest payable and similar charges	8	(1,074)	-	(1,074)	(987)	(282)	(1,269)
<b>Loss from ordinary activities before taxation</b>		<b>(1,143)</b>	-	<b>(1,143)</b>	<b>(318)</b>	<b>(5,214)</b>	<b>(5,532)</b>
Taxation	9	-	-	-	-	-	-
<b>Loss for the financial year</b>		<b>(1,143)</b>	-	<b>(1,143)</b>	<b>(318)</b>	<b>(5,214)</b>	<b>(5,532)</b>
Other comprehensive income		-	-	-	-	-	-
<b>Total comprehensive loss</b>		<b>(1,143)</b>	<b>-</b>	<b>(1,143)</b>	<b>(318)</b>	<b>(5,214)</b>	<b>(5,532)</b>

(1) Continuing trading items comprise the results of ongoing business activity

(2) Discontinued items comprise the results of business segments (specific Industrial sites "Project Winter") which the Company had either substantially or entirely exited at 31 December 2019

**STATEMENT OF FINANCIAL POSITION**

	Notes	31 December 2019 £'000	31 December 2018 As restated £'000
<b>FIXED ASSETS</b>			
Financial assets	12	24,954	24,656
Tangible fixed assets	13	1,280	17,987
Right of use assets	14	8,173	8,190
		<u>34,407</u>	<u>50,833</u>
<b>CURRENT ASSETS</b>			
Stocks	15	96	5,412
Debtors	16	11,242	20,201
Cash at bank and in hand	17	5,487	6,547
		16,825	32,160
<b>CREDITORS</b>			
Amounts falling due within one year	18	(29,792)	(59,307)
<b>NET CURRENT LIABILITIES</b>		<u>(12,967)</u>	<u>(27,147)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		21,440	23,686
<b>CREDITORS</b>			
Amounts falling due after more than one year	19	(7,934)	(8,324)
Provisions for liabilities and charges	21	(488)	(1,201)
<b>NET ASSETS</b>		<u>13,018</u>	<u>14,161</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	22	8,075	8,075
Profit and loss account		4,943	6,086
<b>SHAREHOLDERS' FUNDS</b>		<u>13,018</u>	<u>14,161</u>

On behalf of the Board

Sean Lucey  
Director

23 December 2020

**ACTAVO (UK) LIMITED****STATEMENT OF CHANGES IN EQUITY**

	<b>Called up share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Total £'000</b>
<b>At 31 December 2017 (as reported)</b>	<b>8,075</b>	<b>12,073</b>	<b>20,148</b>
Impact of IFRS 16	-	(455)	(455)
<b>At 31 December 2017 (as restated)</b>	<b><u>8,075</u></b>	<b><u>11,618</u></b>	<b><u>19,693</u></b>
Loss for the year	-	(5,532)	(5,532)
Other comprehensive income	-	-	-
Total comprehensive income	-	(5,532)	(5,532)
<b>At 31 December 2018</b>	<b><u>8,075</u></b>	<b><u>6,086</u></b>	<b><u>14,161</u></b>
Loss for the year	-	(1,143)	(1,143)
Other comprehensive income	-	-	-
Total comprehensive income	-	(1,143)	(1,143)
<b>At 31 December 2019</b>	<b><u>8,075</u></b>	<b><u>4,943</u></b>	<b><u>13,018</u></b>

# ACTAVO (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

Actavo (UK) Limited, (“the Company”), is a private limited company. The registered address of the Company is Unit C, Cedar Court Office Park, Denby Dale Road, Calder Grove, Wakefield, West Yorkshire, WF4 3FU. The company is principally involved in the provision of scaffolding, light access and shoring equipment to the construction industry, through its branches located throughout the UK and the provision of general industrial services to customers located throughout the UK.

### 2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

#### *Going concern*

At the 31 December 2019 the Company had a net equity position of £13m (31 December 2018: £14m). At 31 December 2019 the company had amounts receivable from fellow Actavo Group companies of £26m and amounts due to fellow Actavo Group companies of £19.1m. The directors of the company have received an undertaking that these balances will not be called for a period of at least 12 months after the approval of the financial statements. Additionally, Actavo Group Limited group banking facilities are secured by debentures over the assets of the companies in the group and cross-guarantees from subsidiaries.

During 2019 the Group finalised its multi-year strategic realignment of divisions closing a number of non-core businesses to centre the businesses around a strategically aligned core business going forward. The finalisation of this realignment during 2019 resulted in the Group incurring a net loss of €9.4m for the year ended 31 December 2019 (31 December 2018: €36.4m). The Group had a net operating cash inflow of €23.5m for the year ended 31 December 2019 (2018: €24.1m) and at the 31 December 2019 the Group had a net equity position of €5.9m (31 December 2018: €15.7m). The Group’s current liabilities exceeded their current assets by €49.8m at 31 December 2019 (31 December 2018: €45.2m). Upon restatement for term debt and refinancing post year end, the Group’s current liabilities exceeded their current assets by €23.3m as at 31 December 2019 (2018: €14.5m). The core continuing business of the Group delivered EBITDA of €23.1m in 2019 (2018: €20.3m), this coupled with the agreement post year-end from the Group’s syndicate lenders to extend the Group’s debt facilities for 18 months to the end of December 2021 provides a stable platform on which to grow and expand the business into the future.

As discussed further in Note 28 the current known impact on the Group from the Covid-19 pandemic has resulted in turnover for the period April to October 2020 being c.34% lower than the prior year equivalent period. Management have taken steps to successfully protect both the business as a whole and in particular its employees over this timeframe, implementing wide-ranging cost saving and asset protection initiatives while protecting employment through the use of government supported schemes in both Ireland and the UK. Business activity started to return to more normalised levels in July 2020. On the basis of current and expected business performance, current governmental guidance and the extension of the bank facilities for the Group, the Company financial statements have been prepared on a going concern basis.

The financial statements have been prepared on a going concern basis under the historical cost convention in accordance with the Companies Act 2014 and FRS 101 “Reduced Disclosure Framework” (“FRS 101”). Outlined below are the principal accounting policies under FRS 101, which have been applied consistently.

# ACTAVO (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE (CONTINUED)

In accordance with the exemptions available under FRS 101 and section 400(1) of the Companies Act 2006, the company has not prepared consolidated financial statements as its ultimate parent company's consolidated financial statements are publicly available. Therefore, the financial statements reflect the results of Actavo (UK) Limited only for the year ended 31 December 2019.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1;
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - (i) 10(d), (statement of cash flows),
  - (ii) 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
  - (iii) 16 (statement of compliance with all IFRS),
  - (iv) 38A (requirement for minimum of two primary statements, including cash flow statements),
  - (v) 8B-D (additional comparative information),
  - (vi) 40A-D (requirements for a third statement of financial position),
  - (vii) 111 (cash flow statement information), and
  - (viii) 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows';
- 101p8(i) – Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- 101p8(j) – Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation);
- 101p8(k) – The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

The company is a wholly owned subsidiary of Actavo Group Limited and is consolidated into their publicly available group financial statements. These financial statements are available in the company's registration office, Bloom House, Gloucester Place Lower, Dublin 1, Ireland.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE (CONTINUED)

#### *Adoption of new standards amendments and interpretation (continued)*

- IFRS 16: Leases (effective date 1 January 2019)

The adoption of the above new standards and interpretations had an impact on the Company's financial statements, which is detailed below.

IFRS 16 Leases replaces IAS 17 Leases. It sets out the principle for the recognition, measurement, presentation and disclosure of leases for both lessee and lessor.

Under IFRS 16, the distinction between operating leases and finance leases is removed for lessee. IFRS 16 requires all assets held by the Company under lease agreements which are greater than twelve months in duration to be recognised as right of use assets within the statement of financial position. The present value of future payments to be made under those lease agreements must be recognised as a liability. Rental expenses are removed from profit or loss and replaced with finance costs on the lease liability and depreciation of the right of use assets.

This is the first year that the company has applied IFRS 16. The company adopted the full retrospective approach. Under this approach the company restates the comparative information in accordance with IFRS 16. The impact of IFRS 16 on the 2019 and 2018 financial statements (as restated) is as follows:

	<u>2019</u>			<u>2018</u>		
	As Previously Reported £'m	IFRS 16 Impact £'m	As Restated £'m	As Previously Reported £'m	IFRS 16 Impact £'m	As Restated £'m
<b>Consolidated Income Statement</b>						
Operating loss	(0.5)	0.4	(0.1)	(4.7)	0.4	(4.3)
Loss before tax	(1.05)	(0.05)	(1.10)	(5.47)	(0.03)	(5.50)
<b>Consolidated Statement of Financial Position</b>						
Tangible Fixed Assets	26.2	8.2	34.4	42.6	8.2	50.8
Non-current liabilities	(1.1)	(6.8)	(7.9)	(1.8)	(6.5)	(8.3)
Current liabilities	(27.9)	(1.9)	(29.8)	(57.1)	(2.2)	(59.3)
Equity	13.5	(0.5)	13.0	14.7	(0.5)	14.2

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**ACTAVO (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****3.1 REVENUE RECOGNITION**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. The company recognises revenue in line with IFRS 15, Revenue from Contracts with Customers. IFRS 15 requires the identification of performance obligations in contracts, allocation of the contract price to the performance obligations and recognition of revenue as performance obligations are satisfied when control of a good or service transfers to a customer.

The Company recognises revenue from the following major sources:

**Sale of goods**

Where the contract with the customer has been assessed and has determined that the sale of goods is a distinct performance obligation, revenue is recognised at the point in time when the Company has transferred to the buyer control of the goods, provided that the Company has no significant related obligations or collection uncertainties remaining.

**Hire of goods**

Hire revenues are recognised over time in line with underlying contracts and the satisfaction of performance obligations.

**Rendering of services**

Contracts are assessed to identify each promise to transfer either a distinct service or a series of distinct services that are substantially the same and have the same pattern of transfer to the customer. Services are distinct and accounted for as separate performance obligations if the customer can benefit from them either on their own or together with other resources readily available to the customer and they are separately identifiable in the contract. The integrated output nature of many of the services provided by the Company can result in contracts with one performance obligation.

The contract price represents the amount of consideration which the Company expects to receive in exchange for delivering the promised goods or services to the customer. Variable consideration is included in the contract price on the most likely outcome basis but only to the extent that it is highly probable that it will not reverse in the future. The Company's contracts typically do not include significant financing components.

Performance obligations are satisfied, and revenue recognised, as control services is transferred to the customer. Control can be transferred at a point in time or over time and the Company determines, for each performance obligation, whether it is satisfied over time or at a point in time. Performance obligations are satisfied over time if any of the following criteria are satisfied:

- the customer simultaneously receives and consumes the benefits of the Company's performance as it performs; or
- the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for work done; or

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**NOTES TO THE FINANCIAL STATEMENTS**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.1 REVENUE RECOGNITION (CONTINUED)**

- the Company's performance creates or enhances an asset controlled by the customer.

Most of the Company's service and construction contracts meet the requirements to satisfy performance obligations and recognise revenue over time. Where the Company satisfies performance obligations over time, revenue is recognised using costs incurred as a proportion of total estimated costs to assess stage of completion, but with the stage of completion and revenue assessed in relation to each performance obligation.

When the outcome of a contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred where it is probable that these costs will be recoverable. The stage of completion is also typically reassessed by suitably qualified and experienced Company or third-party personnel to assess the stage of completion of performance obligations.

If a performance obligation is not satisfied over time, then revenue is recognised at the point in time that control is transferred to the customer which is assessed to be at the point of customer acceptance. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately as an expense. Revenue and/or costs in respect of variations or contracts claims and incentive payments, to the extent that they arise, are recognised when it is probable that the amount, which can be measured reliably, will be recovered from/paid to the customer. If circumstances arise that may change the original estimates of revenues, costs or extent of progress towards completion, estimates are revised. These revisions may result in increases or decreases in revenue or costs and are reflected in income in the period in which the circumstances that give rise to the revision became known by management.

**Interest income**

Interest income is accrued on a time-apportioned basis on the principal outstanding using effective interest method.

**3.2 RETIREMENT BENEFIT COSTS**

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to an external pension scheme for the sole benefit of qualifying employees across the Company are dealt with as payments to defined contribution plans where the Company's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

**3.3 EMPLOYEE LEAVE ENTITLEMENT**

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the financial year.

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**NOTES TO THE FINANCIAL STATEMENTS**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.4 INCOME TAX**

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Company's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the financial year.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each financial year 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 realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year and based on the tax consequence that will follow from the manner in which the Company expects, at the end of the financial year, to recover or settle the carrying amounts of its assets and liabilities except for the investment properties where investment properties measured at fair value are presented to be recovered entirely through sale.

Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

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**ACTAVO (UK) LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS**


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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax that is incurred on purchases is not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

**3.5 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATIONS**

Foreign currency transactions are translated into the individual entities' respective functional currencies at the exchange rates prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in Statement of Comprehensive Income for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

**3.6 TANGIBLE ASSETS**

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure relating to Property, Plant and Equipment is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in Statement of Comprehensive Income when incurred.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method, on the following bases:

	<b>Annual rate</b>
Property improvements	2 - 5 years
Plant and machinery	1 - 5 years
Motor vehicles	4 - 6 years
Furniture, fittings and office equipment	3 - 5 years
Right of use assets	Lower of useful life of the asset or lease term

Service equipment is depreciated on a reducing balance basis at a rate of between 10% and 100% per annum. Freehold land is not depreciated.

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**NOTES TO THE FINANCIAL STATEMENTS**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.6 TANGIBLE ASSETS (CONTINUED)**

The carrying values of Property, Plant and Equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Depreciation methods, useful lives and residual values are reviewed at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the depreciation period or method as appropriate on a prospective basis and are shown as provision movements in the related note to the financial statements.

The gain or loss, being the difference between the sales proceeds and the carrying amount of the asset, arising on disposal or retirement of an item of Property, Plant and Equipment is recognised in Statement of Comprehensive Income. Fully depreciated Property, Plant and Equipment are retained in the financial statements until they are no longer in use.

**3.7 IMPAIRMENT OF TANGIBLE ASSETS**

The company reviews the carrying amounts of its tangible assets as at each reporting date to assess for any indication of 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.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss for the amount by which the asset's carrying amount exceeds the recoverable amount is recognised immediately in Statement of Comprehensive Income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in Statement of Comprehensive Income, 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.

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**NOTES TO THE FINANCIAL STATEMENTS**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.8 FINANCIAL INSTRUMENTS**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

**Effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through Statement of Comprehensive Income.

**Financial assets**

All financial assets are recognised on a trade date - the date on which the company commits to purchase or sell the asset. They are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through Statement of Comprehensive Income, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss; held-to-maturity investments; loans and receivables; and available-for-sale financial assets. The classification depends on the nature and purpose for which these financial assets were acquired and is determined at the time of initial recognition.

**Loans and receivables**

The Company's loans and receivables comprise trade and other receivables, amounts due from contract customers, bank balances and fixed deposits. Such loans and receivables are non-derivatives with fixed or determinable payments that are not quoted in an active market. They are measured at amortised cost, using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Amounts due from Group Companies which are classified as fixed asset investments reflect the intentions of the lender in with line with Company Law. For such amounts, there are no contractual arrangements in place and the lender has deemed that these amounts are repayable on demand and are therefore recognised at cost being the amount which is not less than the amount which would be payable on demand

**Investments in subsidiaries**

Investments in subsidiaries are held at cost less accumulated impairment losses.

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**ACTAVO (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.8 FINANCIAL INSTRUMENTS (CONTINUED)****Impairment of financial assets**

Financial assets, other than Fair Value through Profit or Loss, are assessed for indicators of impairment at the end of each financial year. 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 of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amounts of all financial assets are reduced by the impairment loss directly with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in Statement of Comprehensive Income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through Statement of Comprehensive Income to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

**Derecognition of financial assets**

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

**Financial liabilities and equity instruments****Classification as debt or equity**

Financial liabilities and equity instruments issued by Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

**Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

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**ACTAVO (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.8 FINANCIAL INSTRUMENTS (CONTINUED)****Ordinary share capital**

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

**Financial liabilities**

Financial liabilities are classified as either financial liabilities at fair value through Statement of Comprehensive Income or other financial liabilities.

Financial liabilities are classified as at fair value through Statement of Comprehensive Income if the financial liability is either held for trading or it is designated as such upon initial recognition.

**Other financial liabilities*****Trade and other payables***

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

***Borrowings***

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings.

**Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

**3.9 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

**3.10 INVENTORIES**

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

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**ACTAVO (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.11 LEASES****Finance Leases*****Lessee***

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is recognised as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the income statement, unless they are directly attributable to the acquisition, construction or production of qualifying assets, in which case they are capitalised.

Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of present value of minimum lease payments.

**Operating Leases**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Company uses the Group's incremental borrowing rate as the discount rate.

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**NOTES TO THE FINANCIAL STATEMENTS**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.11 LEASES (CONTINUED)*****Operating Leases (continued)***

Lease payments included in the measurement of the lease liability comprise:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- amounts expected to be payable under a residual value guarantee.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment', and lease liabilities in trade and other payables in the statement of financial position. Right-of-use asset of office rentals is presented under 'property, plant and equipment', while right-of-use asset of licenses is presented under 'intangible assets'. The movement of right-of-use of the assets of the Company during the years is disclosed in Note 14.

**3.12 PROVISIONS AND CONTINGENCIES**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, which is discounted using a pre-tax discount rate.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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**ACTAVO (UK) LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS**


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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**
**3.12 PROVISIONS AND CONTINGENCIES (CONTINUED)**

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in the income statement as they arise.

Contingent liabilities, arising as a result of past events, are not recognised when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-recurrence of uncertain future events not wholly within the Company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

**4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY**

The Company made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the Company accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

**4.1 KEY SOURCES OF ESTIMATION AND UNCERTAINTY**

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

***Impairment of investments in subsidiaries***

At the end of each financial year, an assessment is made on whether there are indicators that the Company's investments are impaired. Where necessary, the Company's assessments are based on the estimation of the value-in-use of the assets defined in IAS 36 *Impairment of Assets* by forecasting the expected future cash flows for a period of up to 5 years, using a suitable discount rate in order to calculate the present value of those cash flows. The Company's carrying amount of investments in subsidiaries as at 31 December 2019 was £7.5m (2018: £7.5m) (Note 12).

***Impairment of trade and other receivables***

The Company assesses its loans and receivables on a continuous basis for any objective evidence of impairment by considering factors, including the ageing profile, the creditworthiness and the past collection history of each debtor. If the financial conditions of these debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

The carrying amounts of the Company's trade receivables net of impairment as at 31 December 2019 were £2.3m (2018: £13.1m) (Note 16).

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**ACTAVO (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**

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**4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY (CONTINUED)****4.1 KEY SOURCES OF ESTIMATION AND UNCERTAINTY (CONTINUED)*****Depreciation of Property, Plant and Equipment***

The Company depreciates the Property, Plant and Equipment over their estimated useful lives after taking into account their estimated residual values. The estimated useful life reflects management's estimate of the period that the Company intends to derive future economic benefits from the use of the Company's Property, Plant and Equipment. The residual value reflects management's estimated amount that the Company would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset were already of the age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges.

The carrying amounts of the Company's Property, Plant and Equipment at 31 December 2019 was £1.3m (2018: £18.0m) (Note 13).

***Inventory valuation method***

Inventory is valued at the lower of cost and net realisable value. Management reviews the Company's inventory levels in order to identify slow-moving and obsolete inventory and identifies items of inventory which have a market price, being the selling price quoted from the market of similar items that is lower than its carrying amount. Management then estimates the amount of inventory loss as an allowance on inventory. Changes in demand levels, technological developments and pricing competition could affect the saleability and values of the inventory which could then consequentially impact the Company's results, cash flows and financial position.

The carrying amount of the Company's inventory as at 31 December 2019 was £0.1m (2018: £5.4m). The allowance made on inventory for the year ended 31 December 2019 was £Nil and £161,240 in 2018 (Note 15).

***Provision for deferred tax***

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax has been set out in Note 9.

**NOTES TO THE FINANCIAL STATEMENTS**

**5. TURNOVER**

The turnover is attributable to the principal activity of the company. The analysis of turnover is as follows:

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
United Kingdom	<u>50,529</u>	<u>71,770</u>
Analysed as -		
Services	13,738	21,823
Sale of goods	26,295	35,346
Hire of goods	<u>10,496</u>	<u>14,601</u>
Total	<u>50,529</u>	<u>71,770</u>

**6. OPERATING LOSS**

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 As restated £'000
Operating loss is stated after charging/(crediting):		
Cost of inventories recognised as expenses	21,697	29,007
Depreciation of tangible fixed assets (Note 13)	2,392	3,132
Depreciation of right of use assets	2,144	1,848
Services provided by the company's auditors:		
a. Fees payable for the audit	42	28
b. Fees payable for other services	4	4
Directors' remuneration (Note 11)	<u>782</u>	<u>655</u>

**7. INTEREST RECEIVABLE**

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Bank interest	<u>3</u>	<u>4</u>

**ACTAVO (UK) LIMITED****NOTES TO THE FINANCIAL STATEMENTS****8. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>Year ended 31 December 2019</b>	<b>Year ended 31 December 2018 As restated</b>
	<b>£'000</b>	<b>£'000</b>
Interest on bank loans	473	594
Interest on IFRS 16 lease obligations	424	403
Finance lease charges	<u>177</u>	<u>272</u>
	<u>1,074</u>	<u>1,269</u>

**9. TAXATION**

	<b>Year ended 31 December 2019</b>	<b>Year ended 31 December 2018 As restated</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current year (credit)/charge</b>		
Corporation tax credit	-	-
Deferred tax credit	-	-
	-	-

The tax (credit)/charge for the year is different from the (credit)/charge that would result from applying the standard rate of corporation tax to the (loss)/profit on ordinary activities. The differences are explained as follows:

	<b>Year ended 31 December 2019</b>	<b>Year ended 31 December 2018 As restated</b>
	<b>£'000</b>	<b>£'000</b>
Loss on ordinary activities before taxation	<u>(1,143)</u>	<u>(5,532)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in UK of 19.00% (2018: 19.00%)	(217)	(1,051)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	5	6
Depreciation in excess of capital allowances	87	59
Provision adjustment	-	(123)
Group relief	27	-
Losses carried forward	98	-
Reversal of timing differences	<u>-</u>	<u>1,109</u>

Corporation tax (credit)/charge

Deferred tax assets of £3.6m have not been recognised at the end of 2019 due to uncertainty over the timing of their recoverability (2018: £3.6m)

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**NOTES TO THE FINANCIAL STATEMENTS**

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**10. STAFF COSTS**

The average monthly number of employees (including directors) during the year was:

	<b>Year ended 31 December 2019 Number</b>	<b>Year ended 31 December 2018 Number</b>
Contracts	11	1
Hire and Sales	239	83
Industrial Services	182	520
Administration	<u>37</u>	<u>36</u>
	<b><u>469</u></b>	<b><u>640</u></b>

The payroll costs for these persons were as follows:

	<b>Year ended 31 December 2019 £'000</b>	<b>Year ended 31 December 2018 £'000</b>
Wages and salaries	14,810	21,244
Social security costs	1,444	2,245
Pension costs	376	392
Redundancy costs	-	350
Private Medical	-	<u>16</u>
	<b><u>16,630</u></b>	<b><u>24,247</u></b>

**11. DIRECTORS' EMOLUMENTS**

	<b>Year ended 31 December 2019 £'000</b>	<b>Year ended 31 December 2018 £'000</b>
<b>For services other than as directors:</b>		
Remuneration for qualifying services	742	644
Pension costs	<u>40</u>	<u>11</u>
	<b><u>782</u></b>	<b><u>655</u></b>

The aggregate amounts payable to directors under long-term incentive schemes is £Nil (2018: £Nil) of the total remuneration for qualifying services, reflecting the reduction in the amount payable. Included above is £Nil (2018: £262,686) paid by the ultimate parent undertaking in respect of qualifying services by directors.

**NOTES TO THE FINANCIAL STATEMENTS**

**11. DIRECTORS' EMOLUMENTS (CONTINUED)**

**Details of the highest paid Director**

	<b>Year ended 31 December 2019 £'000</b>	<b>Year ended 31 December 2018 £'000</b>
Remuneration for qualifying services	307	275
Pension costs	<u>21</u>	<u>10</u>
	<b><u>328</u></b>	<b><u>285</u></b>

During the year, aggregate amounts of £Nil (2018: £Nil) were paid to directors in respect of loss of office as a director. The highest paid director is part of the long-term incentive scheme in place for key personnel. Costs associated with this are borne by the ultimate parent company.

<b>12. FINANCIAL ASSETS</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
Investment in subsidiaries:		
At beginning and end of period	<u>7,485</u>	<u>7,485</u>
Amounts due from Group companies:		
At beginning and end of period	<u>17,469</u>	<u>17,171</u>
<b>Total financial assets</b>	<b><u>24,954</u></b>	<b><u>24,656</u></b>

The company's subsidiary undertakings at the end of both the current and prior year, were as follows:

<b>Subsidiary Company</b>	<b>Principal activity</b>	<b>Holding 2019</b>	<b>Holding 2018</b>	<b>Registered Office</b>
<b>Ireland</b>				
Actavo (P.D.C) Limited	Utility services	100%	100%	3 Severn Link, Newhouse Farm, Chepstow, Monmouthshire, NP16 6UN
Deborah Services International Limited	Industrial Service	100%	100%	Unit C, Cedar Court Office Park, Denby Dale Road, Calder Grove, Wakefield, WF43FU

The amounts due from group companies are unsecured, interest free and repayable on demand when the cash flow of the borrower permits.

**NOTES TO THE FINANCIAL STATEMENTS**

**13. TANGIBLE ASSETS**

<b>Cost</b>	<b>Service equipment £'000</b>	<b>Land and buildings £'000</b>	<b>Plant and machinery £'000</b>	<b>Motor vehicles £'000</b>	<b>Furniture, Fittings and office equipment £'000</b>	<b>Total £'000</b>
At 31 December 2018	26,556	3,090	1,224	3,769	2,510	37,149
Additions	1,813	38	-	15	120	1,986
Disposal to Actavo Hire & Sales UK	(23,521)	(3,018)	(189)	(3,006)	(1,910)	(31,644)
Disposals	<u>(1,884)</u>	<u>-</u>	<u>(275)</u>	<u>(294)</u>	<u>(288)</u>	<u>(2,741)</u>
At 31 December 2019	<u>2,964</u>	<u>110</u>	<u>760</u>	<u>484</u>	<u>432</u>	<u>4,750</u>
<b>Accumulated Depreciation</b>						
At 31 December 2018	12,564	1,311	1,002	2,057	2,229	19,163
Charge for year	1,550	221	116	306	199	2,392
Disposal to Actavo Hire & Sales UK	(11,237)	(1,455)	(153)	(1,627)	(1,806)	(16,278)
Disposals	<u>(1,070)</u>	<u>-</u>	<u>(256)</u>	<u>(283)</u>	<u>(198)</u>	<u>(1,807)</u>
At 31 December 2019	<u>1,807</u>	<u>77</u>	<u>709</u>	<u>453</u>	<u>424</u>	<u>3,470</u>
<b>Net Book Amount</b>						
At 31 December 2018	<u>13,992</u>	<u>1,779</u>	<u>222</u>	<u>1,712</u>	<u>281</u>	<u>17,986</u>
At 31 December 2019	<u>1,157</u>	<u>33</u>	<u>51</u>	<u>31</u>	<u>8</u>	<u>1,280</u>

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

	<b>31 December 2019</b>		<b>31 December 2018</b>	
	<b>Net Book Value £'000</b>	<b>Depreciation charge £'000</b>	<b>Net Book Value £'000</b>	<b>Depreciation charge £'000</b>
Motor Vehicles	-	-	1,641	408
Service Equipment	-	-	<u>4,341</u>	<u>459</u>
	<u>-</u>	<u>-</u>	<u>5,982</u>	<u>867</u>

On 1 October 2019, the company transferred the Hire & Sales division to Actavo Hire & Sales UK Limited, including the assets held under finance lease.

NOTES TO THE FINANCIAL STATEMENTS

14. RIGHT OF USE ASSETS

	Land and buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Total £'000
<b>2019</b>				
<i>Cost</i>				
At 1 January 2019	10,259	943	3,169	14,371
Additions	<u>858</u>	<u>-</u>	<u>1,269</u>	<u>2,127</u>
At 31 December 2019	11,117	943	4,438	16,498
<i>Accumulated Depreciation</i>				
At 1 January 2019	4,196	762	1,223	6,181
Additions	<u>1,139</u>	<u>74</u>	<u>931</u>	<u>2,144</u>
At 31 December 2019	5,335	836	2,154	8,325
<i>Accumulated Depreciation</i>				
At 31 December 2019	<u>5,782</u>	<u>107</u>	<u>2,284</u>	<u>8,173</u>
<b>2018</b>				
<i>Cost</i>				
At 1 January 2018 (as previously reported)	-	-	-	-
Adjustment on transition to IFRS 16	<u>10,008</u>	<u>898</u>	<u>1,900</u>	<u>12,806</u>
At 1 January 2018 (as restated)	10,008	898	1,900	12,806
Additions	<u>251</u>	<u>45</u>	<u>1,269</u>	<u>1,565</u>
At 31 December 2018	10,259	943	3,169	14,371
<i>Accumulated Depreciation</i>				
At 1 January 2018 (as previously reported)	-	-	-	-
Adjustment on transition to IFRS 16	<u>3,120</u>	<u>611</u>	<u>602</u>	<u>4,333</u>
At 1 January 2018 (as restated)	3,120	611	602	4,333
Charge for the financial year	<u>1,076</u>	<u>151</u>	<u>621</u>	<u>1,848</u>
At 31 December 2018	4,196	762	1,223	6,181
<i>Accumulated Depreciation</i>				
At 31 December 2018	<u>6,063</u>	<u>181</u>	<u>1,946</u>	<u>8,190</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

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<b>15. STOCKS</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Raw materials and consumables	13	123
Finished goods and goods for resale	<u>83</u>	<u>5,289</u>
	<u>96</u>	<u>5,412</u>

Stock is stated after provisions for impairment of £Nil (2018: £161,240).

There are no material differences between the replacement cost of inventories and the year-end balances.

<b>16. DEBTORS</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts due within one year:</b>		
Trade debtors	2,317	13,094
Prepayments and other debtors	443	1,523
Amounts owed from group company (Note 25)	<u>8,482</u>	<u>5,584</u>
	<u>11,242</u>	<u>20,201</u>

Trade and other receivables are non-interest bearing and are generally due within 30-90 days. The fair value of trade and other receivables approximates to their carrying amounts due to their short-term nature. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable.

Included in the above trade receivables balance is an amount relating to an allowance for doubtful debts amounting to £2.4m (2018: £1.0m).

Amounts due after one year relate to retentions from customers. These amounts are not discounted as the directors are of the view that the effect of discounting is not material.

<b>17. CASH AND CASH EQUIVALENTS</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Bank balances	<u>5,487</u>	<u>6,547</u>

**NOTES TO THE FINANCIAL STATEMENTS**

<b>18. CREDITORS</b>	<b>2019</b>	<b>2018</b>
		<b>As restated</b>
<b>Amounts falling due within one year</b>	<b>£'000</b>	<b>£'000</b>
Amounts owed to group company (Note 25)	19,085	31,719
Bank overdraft facility (Note 20)	4,393	5,167
Bank loans	1,067	5,270
Obligations under finance leases (Note 20)	863	1,562
Operating lease liabilities (Note 24)	1,871	2,217
Amounts due to joint ventures	402	-
Trade creditors	341	6,421
VAT	650	1,648
Payroll taxes	272	739
Accruals	<u>848</u>	<u>4,563</u>
	<u><b>29,792</b></u>	<u><b>59,307</b></u>

The carrying amounts of trade and other payables approximate their fair value largely due to their short-term nature. The repayment terms of trade payables vary between on demand and 90 days.

No interest is payable on trade payables.

The amounts due to group companies are unsecured, interest free and repayable on demand when the cash flow of the borrower permits.

Trade payables include an amount of approximately £Nil. (2018: £5,265,000) in respect of goods for which ownership is not passed until payment is made.

The terms of other payables and accruals are based on the underlying contracts.

Tax and social insurance are subject to the terms of the relevant legislation.

<b>19. CREDITORS</b>	<b>2019</b>	<b>2018</b>
		<b>As restated</b>
<b>Amounts falling due after more than one year</b>	<b>£'000</b>	<b>£'000</b>
Operating lease liabilities (Note 24)	6,834	6,458
Obligations under finance leases (Note 20)	<u>1,100</u>	<u>1,866</u>
	<u><b>7,934</b></u>	<u><b>8,324</b></u>

**ACTAVO (UK) LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

<b>20. BORROWINGS</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
<b>Due within one year</b>		
Bank facilities	4,393	5,167
USD loans	1,067	1,270
Bank of Ireland loan	4,000	4,000
Finance lease obligations	<u>1,100</u>	<u>1,562</u>
	<u>10,560</u>	<u>11,999</u>
<b>Due between 2 and 5 years</b>		
Finance lease obligation	<u>863</u>	<u>1,866</u>
	<u>863</u>	<u>1,866</u>
<b>Due after 5 years</b>		
Finance lease obligation	=	=
<b>Total borrowings</b>	<u>11,423</u>	<u>13,865</u>

**Bank loans and facilities**

The carrying amounts and fair value of the current and non-current borrowings equate to their carrying value as the borrowings incur interest charges based on variable rates reflected in the Statement of Comprehensive Income using the effective interest rate method. All loans are subject to a variable interest rate based on EURIBOR / LIBOR and are repayable at a rate of 10% per annum over a five year term to 2020.

The Company's bank facilities are secured by debentures over the assets and cross guarantees from subsidiaries of Actavo Group Limited.

**Finance lease commitments**

The future aggregate minimum lease payments under finance lease arrangements are as follows:

<b>Finance leases</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
<b>Commitments in relation to finance leases are payable as follows:</b>		
Within one year	1,251	1,776
Later than one year but not later than five years	1,007	2,241
Later than five years		=
<b>Minimum lease payments</b>	<b>2,258</b>	<b>4,017</b>
<b>Future finance charges</b>	<b>(295)</b>	<b>(589)</b>
<b>Recognised as a liability</b>	<u><b>1,963</b></u>	<u><b>3,428</b></u>

On 1 October 2019, the company transferred the Hire & Sales division to Actavo Hire & Sales UK Limited, including the assets held under finance lease. The assets relating to the finance leases above are held by Actavo Hire & Sales UK Limited, a wholly owned member of Actavo Group Limited.

## NOTES TO THE FINANCIAL STATEMENTS

### 20. BORROWINGS (CONTINUED)

The present value of finance lease liabilities is as follows:

Within one year	863	1,562
After one year but within five years	1,100	1,866
Later than five years		=
Minimum lease payments	<u>1,963</u>	<u>3,428</u>

The finance lease terms range from 1 to 6 years. The effective interest rates charged during the financial year range from 4% to 6.5% per annum (2018: 4% to 6.5%). Interest rates are fixed at the contract dates, and thus expose the Company to fair value interest rate risk. As at the end of the financial year, the fair values of the Company's finance lease obligations approximate their carrying amounts.

All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The Company's obligations under finance leases are secured by the lessors' title to the leased assets, which will revert to the lessors in the event of default by the Company.

### 21. PROVISION FOR LIABILITIES AND CHARGES

	Deferred tax £'000	Self insurance £'000	Other £'000	Total £'000
At 1 January 2018	-	357	800	1,157
Charge for the year	=	<u>44</u>	=	<u>44</u>
At 31 December 2018	=	<u>401</u>	<u>800</u>	<u>1,201</u>
Utilised during year		(401)	(312)	(713)
Charge for the year		=	=	=
At 31 December 2019		=	<u>488</u>	<u>488</u>

#### *Self-insurance*

The company self-insures against potential future claims of the company and reflects an estimation of the excess not recoverable from insurers. Amounts relating to self-insurance would largely be payable after one year.

#### *Other*

Included in the year-end Statement of Financial Position, is an accrual for a long-term incentive plan put in place in prior years for Board and other key management personnel. The ultimate amount payable under the scheme is based on the underlying performance of the overall Actavo Group over the 3 years to 31 December 2016 when the liability was determined. The Statement of Comprehensive Income was spread over the life of the plan.

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**NOTES TO THE FINANCIAL STATEMENTS**

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**21. PROVISION FOR LIABILITIES AND CHARGES (CONTINUED)**

The provision was measured using management's estimate of future performance at 31 December 2016 for eligible management personnel. Amounts relating to the incentive plan are technically due within one year.

<b>22. CALLED UP SHARE CAPITAL</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Allotted, called up and fully paid</b>		
8,075,000 Ordinary shares of £1 each	<u>8,075</u>	<u>8,075</u>
(2017: 8,075,000)		

There was an issue of new capital in December 2017. 8,000,000 shares of £1 each were allotted to the Company's immediate parent, Deborah Services Holdings Limited. Loans payable to the parent company, were converted into ordinary share capital improving the underlying equity position of the Company.

**23. BANK SECURITY**

At the Statement of Financial Position date, the Actavo Group Limited group bank facilities were secured by debentures over the assets of companies in the group and cross guarantees from subsidiaries.

**24. FINANCIAL COMMITMENTS****a) Capital commitments**

There were capital commitments at 31 December 2019 of £nil (2018: £nil).

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**NOTES TO THE FINANCIAL STATEMENTS**

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**24. FINANCIAL COMMITMENTS (CONTINUED)**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Current lease liabilities	1,871	2,217
Non-current lease liabilities	<u>6,834</u>	<u>6,458</u>
	<u>8,705</u>	<u>8,675</u>

The Company's total lease liability over the years are as follows:

	<b>31 December</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Opening liability	8,675	-
Additions for the year	2,127	10,491
Interest for the year	424	403
Operating lease expense for the year	<u>(2,521)</u>	<u>(2,219)</u>
Closing lease liability	<u>8,705</u>	<u>8,675</u>

The Company's leases include rental of building spaces for business use and right of use of plant & machinery and motor vehicles. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental repayments. The operating lease terms range from 1 to 99 years depending on the term set in the contract. The effective interest rates charged during the financial year is 4.71% (2018: 4.71%) per annum which reflects the average borrowing rate on the loans drawn by the Company in 2019.

The movement of the carrying amount of the right-of-use assets of the Company at the start and end of each reporting period is disclosed in Note 14.

**25. RELATED PARTY TRANSACTIONS**

The company has availed of the exemption contained in FRS 101 in respect of disclosure of related party transactions whereby group companies, 100% of whose voting rights are controlled within the group, do not have to disclose details of transactions with other group companies.

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**NOTES TO THE FINANCIAL STATEMENTS**

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**26. ULTIMATE PARENT COMPANY**

Actavo (UK) Limited is a wholly owned subsidiary of Deborah Services (Holdings) Limited, a company incorporated in the United Kingdom.

The ultimate parent company and the largest Group into which the entity is consolidated is Actavo Group Limited, a company incorporated in the Republic of Ireland.

**27. COMPARATIVES**

Comparative amounts have been regrouped / restated, where necessary, on the same basis as those for the current year.

**28. SUBSEQUENT EVENTS**

In the first half of 2020, the outbreak of the Covid-19 pandemic spread throughout all the market locations in which the Group operates. The initial impact of this has been severe and has resulted in significant slowdown in economic activity worldwide. The economic impact of the pandemic has been characterised by a 'lockdown' mode of many businesses in non-essential areas to ensure that people's movements are restricted in order to slow down the spread of the virus.

The current known impact on the Group and Company has been reduced turnover in the period April to October 2020. The Group continued to generate some revenues in the second quarter when normal levels of activity resumed as the Group provides essential services in the telecommunications and healthcare sectors. Management has worked to protect the Group's employees as much as possible through the lockdown period by using available employee government support schemes in both Ireland and UK. Management has also taken steps to mitigate the financial impacts of Covid-19 on the Group by minimising its cost base, restructuring commitments and removing all discretionary spend. The Group has weathered the worse effects of the pandemic crisis to be in a position to resume normal level of operations in a speedy manner. Management continue to review changes to operations to ensure full compliance with government health and safety requirements.

The effect of Covid-19 presents many risks for the Group, the effects of which cannot be fully quantified at the time of approving the financial statements. Although the effects cannot be fully determined, the directors believe that the main risks and uncertainties associated with Covid-19 are as follows:

- a potential reduction in economic activity which may result in reduced spending and demand for the Company's services;
- a reduction in asset values;
- a prolonged period of government restrictions on the movement of people

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**NOTES TO THE FINANCIAL STATEMENTS**

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**29. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved by the directors on 23 December 2020.