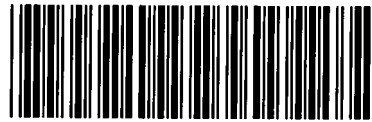


Company Registration No. 02997625 (England and Wales)

**FOCCHI LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

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# **FOCCHI LIMITED**

## **COMPANY INFORMATION**

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|                          |  |
|--------------------------|--|
| <b>Directors</b>         | Mr M Focchi<br>Mr R Phillips<br>Mr A Cicoria   |
| <b>Secretary</b>         | Mr R Phillips  |
| <b>Company number</b>    | 02997625   |
| <b>Registered office</b> | Sherlock House<br>7 Kenrick Place<br>London<br>W1U 6HE   |
| <b>Auditor</b>           | Berley Chartered Accountants, Statutory Auditors<br>76 New Cavendish Street<br>London<br>W1G 9TB |

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# FOCCHI LIMITED

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# FOCCHI LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2017

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The directors present the strategic report for the year ended 31 December 2017.

#### Fair review of the business

Our company business trades exclusively in facades and curtain walls across the United Kingdom. During the year ended 31 December 2017, the company again increased its turnover by 1.74%. The real estate market is still very competitive and our pre-tax profit margin has reduced by 5.23%. However, the profit is in line with the forecast. The financial position of the company is good as shown on the Balance Sheet as at 31 December 2017.

|                     | Year ended<br>31<br>December<br>2017<br>£ | Year ended<br>31<br>December<br>2016<br>£ | Year ended<br>31<br>December<br>2015<br>£ |
|---------------------|---|---|---|
| Turnover            | 38,579,340                                | 37,919,120                                | 32,878,255                                |
| Turnover growth     | 1.74%                                     | 15.33%                                    | 42.90%                                    |
| Gross profit margin | 6.05%                                     | 4.90%                                     | 4.07%                                     |
| Profit before tax   | 1,251,878                                 | 1,320,994                                 | 116,204                                   |

#### Principal risks and uncertainties

The principal financial risks that the company face are associated with our ability to accurately estimate the costs of carrying out the contracts in which we engage, the risk of properly incurring and controlling those costs, the ability to recover costs under the payment terms of all contracts.

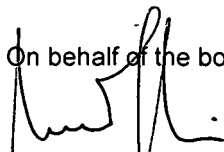
We are committed to deliver the works on time, with the necessary level of quality and safety is the core of our general contractor activity.

The 2017 accounts takes the prudent policy of identifying the profits on the long term contracts of the company only when they are clearly known and determined.

#### Development and performance

As stated previously, the turnover has increased to £38.5 million (2016: £37.9 million). The net profit margin has reduced to 3.24% of turnover (2016: 3.48%).

On behalf of the board



Mr M Focchi

Director

17 May 2018

# **FOCCHI LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2017**

---

The directors present their directors' report and financial statements for the year ended 31 December 2017.

#### **Principal activities**

The principal activity of the company continued to be that of the installation of curtain walls, facades, doors, windows and other architectural products.

#### **Directors**

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

Mr M Focchi  
Mr R Phillips  
Mr A Cicoria

#### **Results and dividends**

The results for the year are set out on page 6.

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

#### **Financial instruments**

The company's principal financial instruments comprise bank balances, bank overdrafts, trade creditors, trade debtors, inter-company balances with the parent and connected companies, plus property leases. The main purpose of these instruments is to raise funds and to finance the company's operations.

Due to the nature of the financial instruments used by the company, there is no exposure to price risk. The company's approach to managing other risks applicable to the financial instruments is shown below.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest. The company makes use of bank deposit account facilities where funds are available.

In respect of inter-company balances, these comprise balances with a connected company, Focchi Investments Limited, and its parent company, Focchi Spa. The inter-company balance, will be repayable depending on the cash flow requirements of the individual companies. The company will need to manage its cash flow to ensure repayment in due course.

The company was a lessee in respect of a property. The liquidity risk in respect of this is managed in the same way as the inter-company balances above.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

#### **Research and development**

The company does not have any expenditure for research and development.

#### **Post reporting date events**

No balance sheet events have happened during the first months of the current year that have implications on the company.

# FOCCHI LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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### Future developments

The directors are expecting substantial increase in turnover in 2018.

### Auditor

The auditor, Berley Chartered Accountants, Statutory Auditors, is deemed to be reappointed under section 487 (2) of the Companies Act 2006.

### Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Statement of disclosure to auditor

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

On behalf of the board



Mr M Focchi  
Director  
17 May 2018

# FOCCHI LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOCCHI LIMITED

---

### Opinion

We have audited the financial statements of Focchi Limited (the 'company') for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement Of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### Conclusions relating to going concern

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

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

### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

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

# **FOCCHI LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF FOCCHI LIMITED**

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

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

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

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

### **Responsibilities of directors**

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

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.

**Jeremy H Berman (Senior Statutory Auditor)**  
**76 New Cavendish Street, London W1G 9TB**

**For and on behalf of Berley Chartered Accountants, Statutory Auditors**

24 May 2018



# FOCCHI LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

|  | Notes | 2017<br>£        | 2016<br>£        |
|--|-------|------------------|------------------|
| Turnover                                       | 3     | 38,579,340       | 37,919,120       |
| Cost of sales                                  |       | (36,244,304)     | (36,060,311)     |
| <b>Gross profit</b>                            |       | <b>2,335,036</b> | <b>1,858,809</b> |
| Administrative expenses                        |       | (1,097,763)      | (545,266)        |
| <b>Operating profit</b>                        | 4     | <b>1,237,273</b> | <b>1,313,543</b> |
| Interest receivable and similar income         | 7     | 14,605           | 7,451            |
| <b>Profit before taxation</b>                  |       | <b>1,251,878</b> | <b>1,320,994</b> |
| Taxation                                       | 8     | (247,329)        | (267,607)        |
| <b>Profit for the financial year</b>           |       | <b>1,004,549</b> | <b>1,053,387</b> |
| Other comprehensive income                     |       | -                | -                |
| <b>Total comprehensive income for the year</b> |       | <b>1,004,549</b> | <b>1,053,387</b> |

The Income Statement has been prepared on the basis that all operations are continuing operations.

# FOCCHI LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

|   | Notes | 2017<br>£           | £                       | 2016<br>£           | £                       |
|---|-------|---------------------|-------------------------|---------------------|-------------------------|
| <b>Fixed assets</b>                                   |       |                     |                         |                     |                         |
| Tangible assets                                       | 10    |                     | 97,571                  |                     | 120,256                 |
| <b>Current assets</b>                                 |       |                     |                         |                     |                         |
| Stocks  | 11    | 5,706,604           |                         | 19,265              |                         |
| Debtors   | 13    | 18,297,155          |                         | 7,175,985           |                         |
| Cash at bank and in hand                              |       | 2,236,942           |                         | 4,910,073           |                         |
|   |       | <u>26,240,701</u>   |                         | <u>12,105,323</u>   |                         |
| <b>Creditors: amounts falling due within one year</b> | 14    | <u>(24,103,126)</u> |                         | <u>(10,994,502)</u> |                         |
| <b>Net current assets</b>                             |       |                     | <u>2,137,575</u>        |                     | <u>1,110,821</u>        |
| <b>Total assets less current liabilities</b>          |       |                     | <u>2,235,146</u>        |                     | <u>1,231,077</u>        |
| <b>Provisions for liabilities</b>                     | 15    |                     | <u>(3,195)</u>          |                     | <u>(3,675)</u>          |
| <b>Net assets</b>                                     |       |                     | <u><u>2,231,951</u></u> |                     | <u><u>1,227,402</u></u> |
| <b>Capital and reserves</b>                           |       |                     |                         |                     |                         |
| Called up share capital                               | 18    | 50,000              |                         | 50,000              |                         |
| Profit and loss reserves                              |       | <u>2,181,951</u>    |                         | <u>1,177,402</u>    |                         |
| <b>Total equity</b>                                   |       |                     | <u><u>2,231,951</u></u> |                     | <u><u>1,227,402</u></u> |

The financial statements were approved by the board of directors and authorised for issue on 17 May 2018 and are signed on its behalf by:

  
Mr M Focchi  
Director

Company Registration No. 02997625

# FOCCHI LIMITED

## STATEMENT OF CHANGES IN EQUITY

**FOR THE YEAR ENDED 31 DECEMBER 2017**

---

|  | Notes | Share capital<br>£ | Profit and loss reserves<br>£ | Total<br>£  |
|--|-------|--------------------|-------------------------------|-------------|
| Balance at 1 January 2016                          |       | 50,000             | 3,124,015                     | 3,174,015   |
| <hr/>  |       |                    |                               |             |
| Period ended 31 December 2016:                     |       |                    |                               |             |
| Profit and total comprehensive income for the year |       | -                  | 1,053,387                     | 1,053,387   |
| Dividends  | 9     | -                  | (3,000,000)                   | (3,000,000) |
| <hr/>  |       |                    |                               |             |
| Balance at 31 December 2016                        |       | 50,000             | 1,177,402                     | 1,227,402   |
| <hr/>  |       |                    |                               |             |
| Period ended 31 December 2017:                     |       |                    |                               |             |
| Profit and total comprehensive income for the year |       | -                  | 1,004,549                     | 1,004,549   |
| <hr/>  |       |                    |                               |             |
| Balance at 31 December 2017                        |       | 50,000             | 2,181,951                     | 2,231,951   |
| <hr/>  |       |                    |                               |             |

# FOCCHI LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

|   | Notes | 2017<br>£ | £                  | 2016<br>£   | £                  |
|---|-------|-----------|--------------------|-------------|--------------------|
| <b>Cash flows from operating activities</b>                   |       |           |                    |             |                    |
| Cash (absorbed by)/generated from operations                  | 22    |           | (2,291,178)        |             | 6,060,492          |
| Income taxes paid   |       |           | (390,952)          |             | (24,663)           |
| <b>Net cash (outflow)/inflow from operating activities</b>    |       |           | <b>(2,682,130)</b> |             | <b>6,035,829</b>   |
| <b>Investing activities</b>                                   |       |           |                    |             |                    |
| Purchase of tangible fixed assets                             |       | (5,606)   |                    | (121,320)   |                    |
| Interest received   |       | 9,525     |                    | 7,451       |                    |
| Other investment income received                              |       | 5,080     |                    | -           |                    |
| <b>Net cash generated from/(used in) investing activities</b> |       |           | <b>8,999</b>       |             | <b>(113,869)</b>   |
| <b>Financing activities</b>                                   |       |           |                    |             |                    |
| Dividends paid  |       | -         |                    | (3,000,000) |                    |
| <b>Net cash used in financing activities</b>                  |       |           | <b>-</b>           |             | <b>(3,000,000)</b> |
| <b>Net (decrease)/increase in cash and cash equivalents</b>   |       |           | <b>(2,673,131)</b> |             | <b>2,921,960</b>   |
| Cash and cash equivalents at beginning of year                |       |           | 4,910,073          |             | 1,988,113          |
| <b>Cash and cash equivalents at end of year</b>               |       |           | <b>2,236,942</b>   |             | <b>4,910,073</b>   |

# FOCCHI LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

---

### 1 Accounting policies

#### Company information

Focchi Limited is a company limited by shares incorporated in England and Wales. The registered office is Sherlock House, 7 Kenrick Place, London, W1U 6HE.

The principal activity of the company continued to be that of the installation of curtain walls, doors, windows and other architectural products.

#### 1.1 Accounting convention

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

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

#### 1.2 Going concern

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

#### 1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Revenue is generally recognised on a stage of completion basis for each individual project. The stages of completion are generally included in the contract for each individual project and a percentage of overall contract cost allocated at each stage.

Profit is recognised on long term contracts if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account, the turnover and related costs as contract activity progresses.

#### 1.4 Tangible fixed assets

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

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

|                                |                            |
|--------------------------------|----------------------------|
| Leasehold improvements         | over the term of the lease |
| Fixtures, fittings & equipment | Straight line over 5 years |
| Computer equipment             | Straight line over 3 years |

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

#### 1.5 Impairment of fixed assets

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

# FOCCHI LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

---

#### 1 Accounting policies

(Continued)

##### 1.6 Stocks

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

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

##### 1.7 Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

Where the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as expenses in the period in which they are incurred and contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable.

The "percentage of completion method" is used to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. These costs are presented as stocks, prepayments or other assets depending on their nature, and provided it is probable they will be recovered.

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

##### 1.8 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

##### 1.9 Financial instruments

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

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

# FOCCHI LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

---

### 1 Accounting policies

(Continued)

#### **Basic financial assets**

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

#### **Impairment of financial assets**

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

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

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

#### **Derecognition of financial assets**

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

#### **Classification of financial liabilities**

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

#### **Derecognition of financial liabilities**

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

### 1.10 Equity instruments

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

### 1.11 Taxation

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

# FOCCHI LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

---

#### 1 Accounting policies

(Continued)

##### **Current tax**

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

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

#### **1.12 Employee benefits**

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

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

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

#### **1.13 Retirement benefits**

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

#### **1.14 Leases**

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

#### **1.15 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.



# FOCCHI LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 2 Judgements and key sources of estimation uncertainty

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

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

### 3 Turnover and other revenue

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

|                           | 2017<br>£  | 2016<br>£  |
|---------------------------|------------|------------|
| <b>Turnover</b>           |            |            |
| Curtain walls and facades | 38,579,340 | 37,919,120 |

#### Turnover analysed by geographical market

|                | 2017<br>£  | 2016<br>£  |
|----------------|------------|------------|
| United Kingdom | 38,579,340 | 37,919,120 |

### 4 Operating profit

|  | 2017<br>£  | 2016<br>£  |
|--|------------|------------|
| Operating profit for the year is stated after charging:                                    |            |            |
| Exchange (gains)/losses  | (58,522)   | (372,544)  |
| Fees payable to the company's auditors for the audit of the company's financial statements | 9,500      | 9,500      |
| Depreciation of owned tangible fixed assets  | 27,833     | 7,698      |
| Loss on disposal of tangible fixed assets  | 458        | -          |
| Cost of stocks recognised as an expense  | 31,192,308 | 29,564,206 |
| Operating lease charges  | 115,047    | 118,047    |

# FOCCHI LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 5 Employees

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

|                  | 2017<br>Number | 2016<br>Number |
|------------------|----------------|----------------|
| On site managers | 3              | 3              |
| Administration   | 6              | 6              |
|                  | <u>9</u>       | <u>9</u>       |

Their aggregate remuneration comprised:

|                       | 2017<br>£      | 2016<br>£      |
|-----------------------|----------------|----------------|
| Wages and salaries    | 832,211        | 641,298        |
| Social security costs | 100,202        | 74,954         |
| Pension costs         | 3,812          | 1,279          |
|                       | <u>936,225</u> | <u>717,531</u> |

#### 6 Directors' remuneration

|   | 2017<br>£      | 2016<br>£      |
|---|----------------|----------------|
| Remuneration for qualifying services                          | 181,000        | 137,400        |
| Company pension contributions to defined contribution schemes | 386            | 160            |
|   | <u>181,386</u> | <u>137,560</u> |

#### 7 Interest receivable and similar income

|  | 2017<br>£     | 2016<br>£    |
|--|---------------|--------------|
| <b>Interest income</b>                     |               |              |
| Interest on bank deposits                  | 9,525         | 7,451        |
| <b>Income from fixed asset investments</b> |               |              |
| Income from other fixed asset investments  | 5,080         | -            |
| <b>Total income</b>                        | <u>14,605</u> | <u>7,451</u> |

Investment income includes the following:

|  |              |              |
|--|--------------|--------------|
| Interest on financial assets not measured at fair value through profit or loss | <u>9,525</u> | <u>7,451</u> |
|--|--------------|--------------|

# FOCCHI LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 8 Taxation

|  | 2017<br>£      | 2016<br>£      |
|--|----------------|----------------|
| <b>Current tax</b>                                   |                |                |
| UK corporation tax on profits for the current period | 247,809        | 263,932        |
| <b>Deferred tax</b>                                  |                |                |
| Origination and reversal of timing differences       | (480)          | 3,675          |
| <b>Total tax charge</b>                              | <b>247,329</b> | <b>267,607</b> |

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

|  | 2017<br>£      | 2016<br>£      |
|--|----------------|----------------|
| Profit before taxation   | 1,251,878      | 1,320,994      |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%) | 240,987        | 264,199        |
| Non deductible expenses  | 8,164          | 3,676          |
| Capital allowances   | (1,163)        | (3,677)        |
| Deferred tax adjustment  | (480)          | 3,675          |
| Other tax adjustments  | (179)          | (266)          |
| <b>Tax expense for the year</b>  | <b>247,329</b> | <b>267,607</b> |

#### 9 Dividends

|              | 2017<br>£ | 2016<br>£ |
|--------------|-----------|-----------|
| Interim paid | -         | 3,000,000 |

# FOCCHI LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 10 Tangible fixed assets

|                                    | Leasehold<br>improvements | Fixtures,<br>fittings &<br>equipment | Computer<br>equipment | Total   |
|------------------------------------|---------------------------|--------------------------------------|-----------------------|---------|
|                                    | £                         | £                                    | £                     | £       |
| <b>Cost</b>                        |                           |                                      |                       |         |
| At 1 January 2017                  | 103,465                   | 44,215                               | 50,206                | 197,886 |
| Additions                          | -                         | 950                                  | 4,656                 | 5,606   |
| Disposals                          | -                         | -                                    | (749)                 | (749)   |
| At 31 December 2017                | 103,465                   | 45,165                               | 54,113                | 202,743 |
| <b>Depreciation and impairment</b> |                           |                                      |                       |         |
| At 1 January 2017                  | 3,996                     | 25,055                               | 48,579                | 77,630  |
| Depreciation charged in the year   | 20,693                    | 4,970                                | 2,170                 | 27,833  |
| Eliminated in respect of disposals | -                         | -                                    | (291)                 | (291)   |
| At 31 December 2017                | 24,689                    | 30,025                               | 50,458                | 105,172 |
| <b>Carrying amount</b>             |                           |                                      |                       |         |
| At 31 December 2017                | 78,776                    | 15,140                               | 3,655                 | 97,571  |
| At 31 December 2016                | 99,469                    | 19,160                               | 1,627                 | 120,256 |

### 11 Stocks

|   | 2017<br>£ | 2016<br>£ |
|---|-----------|-----------|
| Long term contract balances: Net cost less foreseeable losses | 5,706,604 | 19,265    |

### 12 Financial instruments

|   | 2017<br>£  | 2016<br>£ |
|---|------------|-----------|
| <b>Carrying amount of financial assets</b>      |            |           |
| Debt instruments measured at amortised cost     | 12,968,129 | 3,813,250 |
| <b>Carrying amount of financial liabilities</b> |            |           |
| Measured at amortised cost                      | 23,460,521 | 9,382,697 |

# FOCCHI LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 13 Debtors

|  | 2017              | 2016             |
|--|-------------------|------------------|
|  | £                 | £                |
| <b>Amounts falling due within one year:</b>  |                   |                  |
| Trade debtors                                | 12,963,233        | 3,808,729        |
| Amounts recoverable from long term contracts | 2,803,493         | 2,049,567        |
| Other debtors                                | 4,896             | 4,521            |
| Prepayments and accrued income               | 2,525,533         | 1,313,168        |
|  | <u>18,297,155</u> | <u>7,175,985</u> |

### 14 Creditors: amounts falling due within one year

|                                    | 2017              | 2016              |
|------------------------------------|-------------------|-------------------|
|                                    | £                 | £                 |
| Trade creditors                    | 646,306           | 1,196,479         |
| Amount due to parent undertaking   | 16,661,580        | 2,978,338         |
| Corporation tax                    | 120,789           | 263,932           |
| Other taxation and social security | 521,816           | 1,347,873         |
| Other creditors                    | 1,589             | 2,989             |
| Accruals and deferred income       | 6,151,046         | 5,204,891         |
|                                    | <u>24,103,126</u> | <u>10,994,502</u> |

### 15 Provisions for liabilities

|                          | Notes | 2017         | 2016         |
|--------------------------|-------|--------------|--------------|
|                          |       | £            | £            |
| Deferred tax liabilities | 16    | <u>3,195</u> | <u>3,675</u> |

### 16 Deferred taxation

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

|                                | Liabilities  | Liabilities  |
|--------------------------------|--------------|--------------|
|                                | 2017         | 2016         |
| Balances:                      | £            | £            |
| Accelerated capital allowances | <u>3,195</u> | <u>3,675</u> |

# FOCCHI LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

|           |                               |                    |
|-----------|-------------------------------|--------------------|
| <b>16</b> | <b>Deferred taxation</b>      | <b>(Continued)</b> |
|           |                               | <b>2017</b>        |
|           | <b>Movements in the year:</b> | <b>£</b>           |
|           | Liability at 1 January 2017   | 3,675              |
|           | Credit to profit or loss      | (480)              |
|           | Liability at 31 December 2017 | <u>3,195</u>       |

The deferred tax liability set out above is expected to reverse within and relates to accelerated capital allowances that are expected to mature within the same period.

|           |   |              |              |
|-----------|---|--------------|--------------|
| <b>17</b> | <b>Retirement benefit schemes</b>                                   | <b>2017</b>  | <b>2016</b>  |
|           |   | <b>£</b>     | <b>£</b>     |
|           | <b>Defined contribution schemes</b>                                 |              |              |
|           | Charge to profit or loss in respect of defined contribution schemes | <u>3,812</u> | <u>1,279</u> |

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

|           |                              |               |               |
|-----------|------------------------------|---------------|---------------|
| <b>18</b> | <b>Share capital</b>         | <b>2017</b>   | <b>2016</b>   |
|           |                              | <b>£</b>      | <b>£</b>      |
|           | <b>Issued and fully paid</b> |               |               |
|           | 50,000 Ordinary of £1 each   | <u>50,000</u> | <u>50,000</u> |

### 19 Operating lease commitments

#### Lessee

The operating leases represent rentals payable by the company for the leasehold property and equipment. The leases are negotiated for an average term of 20 years for the property and 5 years for equipment and rentals are fixed.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

|                            |                |                  |
|----------------------------|----------------|------------------|
|                            | <b>2017</b>    | <b>2016</b>      |
|                            | <b>£</b>       | <b>£</b>         |
| Within one year            | 110,000        | 424,392          |
| Between two and five years | 385,000        | 1,471,660        |
|                            | <u>495,000</u> | <u>1,896,052</u> |

# FOCCHI LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 20 Related party transactions

##### Remuneration of key management personnel

The remuneration of key management personnel, who is also a director, is as follows.

|                        | 2017<br>£ | 2016<br>£ |
|------------------------|-----------|-----------|
| Aggregate compensation | 181,000   | 137,400   |

##### Transactions with related parties

During the year, the company paid rent of £110,000 (2016: £110,000) on its office premises to Focchi Investments Limited, a related company also controlled by the Focchi family. The rent is charged on an arm's length basis.

No guarantees have been given or received.

#### 21 Controlling party

The parent company is Focchi Spa, a company registered in Italy. The parent company is controlled by the Focchi family.

Focchi Spa prepares group financial statements and copies can be obtained from Via Cornacchiara, 805, 47824 Poggio Torriana, Rimini, Italy.

#### 22 Cash generated from operations

|  | 2017<br>£          | 2016<br>£        |
|--|--------------------|------------------|
| Profit for the year after tax                        | 1,004,549          | 1,053,387        |
| <b>Adjustments for:</b>                              |                    |                  |
| Taxation charged                                     | 247,329            | 267,607          |
| Investment income                                    | (14,605)           | (7,451)          |
| Loss on disposal of tangible fixed assets            | 458                | -                |
| Depreciation and impairment of tangible fixed assets | 27,833             | 7,698            |
| <b>Movements in working capital:</b>                 |                    |                  |
| Increase/decrease in stocks                          | (5,687,339)        | 826,883          |
| (Increase)/decrease in debtors                       | (11,121,170)       | 4,339,109        |
| Increase/(decrease) in creditors                     | 13,251,767         | (426,741)        |
| <b>Cash (absorbed by)/generated from operations</b>  | <b>(2,291,178)</b> | <b>6,060,492</b> |