

COMPANY REGISTRATION NUMBER: 07976634

SQS GROUP (UK) LIMITED
FINANCIAL STATEMENTS
31 AUGUST 2016

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18 MAY 2017
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SQS Group (UK) Limited

Financial statements

Year ended 31 August 2016

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SQS Group (UK) Limited

Officers and professional advisers

The board of directors	Mr M O'Connor Mrs C O'Connor
Company secretary	Mrs C O'Connor
Registered office	12 Priestley Way London England NW2 7AP
Auditor	BDO Northern Ireland Chartered accountant & statutory auditor Lindsay House 10 Callender Street Belfast BT1 5BN
Bankers	Barclays Bank PLC 126 Station Road Edgware HA8 7RY
Solicitors	Boyes Sutton & Perry 20 Wood Street Barnet Hertfordshire EN5 4BJ

SQS Group (UK) Limited

Strategic report

Year ended 31 August 2016

The directors have pleasure in presenting their strategic report and the financial statements of the group for the year ended 31 August 2016.

Fair review of the business

The principal activity of the group during the year was that of tarmac re-instatement, highway maintenance and utility re-instatement. The profit and loss account for the period is set out on page 8 and shows turnover for the year of £52,595,958 and a profit on ordinary activities before taxation of £1,778,752. Turnover has increased by 10.7% as compared to 2015.

The group continued to experience strong growth in sales during 2016 and expect a similar level of sales for year ending August 2017 on the basis on the current order book. The directors are confident that with the work-in hand and reconfiguration of certain contracts the business can maintain the net margin of 3% in the face of very challenging price rises and competition.

Principal risks and uncertainties

The group seek to manage the risk of losing customers to key competitors by offering unique product solutions, short response times and maintaining strong relationships with customers.

The group's credit risk is primarily attributable to its trade debtors. Credit risk is managed by credit checks on new customers and by monitoring payments against agreed terms.

The group monitors cash flow as part of its day to day control procedures. The directors monitor cash flow monthly and ensure that appropriate facilities are available to be drawn upon as necessary.

Going forward the principle uncertainty the business faces is the impact BREXIT will have on business's labour cost. A significant portion of the organisation's labour is from outside the UK and any immigration restrictions may force up the overall cost of labour as construction businesses struggle to find suitable trained and qualified resources.

Analysis of the development, performance and position of the business

The directors and other board members closely monitor the performance of the business to ensure it is performing in line with pre-agreed budgets, via monthly board meetings.

The performance of each contract is measured closely by the contract team and any discrepancies to budgeted performance are highlighted and corrected. Responsibility of each contracts performance is delegated to the contract team who are charged with delivering the agreed results on a monthly basis.

The business maintains a robust set of KPIs to measure the overall operation of the business.

The Directors are confident that the group will continue to grow and seek new opportunities within the market. There have been no events since the balance sheet date which materially affect the position of the group.

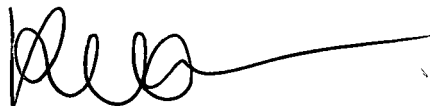
SQS Group (UK) Limited**Strategic report** *(continued)***Year ended 31 August 2016**

Key Performance Indicators

The following section gives a comparison between the current and past year on key factors in the financial performance of our business.

	2016	2015
Turnover	£52,595,958	£47,515,425
Gross Profit	£6,670,636	£5,999,136
Gross Profit (%)	12.7%	12.6%

This report was approved by the board of directors on 17/05/17 and signed on behalf of the board by:



Mrs C O'Connor
Director

Registered office:
12 Priestley Way
London
England
NW2 7AP

SQS Group (UK) Limited

Directors' report

Year ended 31 August 2016

The directors present their report and the financial statements of the group for the year ended 31 August 2016.

Directors

The directors who served the company during the year were as follows:

Mr M O'Connor
Mrs C O'Connor

Dividends

Particulars of recommended dividends are detailed in note 15 to the financial statements.

Employment of disabled persons

The group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

During the year, the policy of providing employees with information about the group has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the group's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Disclosure of information in the strategic report

The strategic report is included at pages 2 to 3.

Directors' responsibilities statement

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

SQS Group (UK) Limited

Directors' report *(continued)*

Year ended 31 August 2016

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.

Auditor

The auditors, BDO Northern Ireland have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting in accordance with section 485 of the Companies Act 2006.

This report was approved by the board of directors on 17/08/17 and signed on behalf of the board by:



Mrs C O'Connor
Director

Registered office:
12 Priestley Way
London
England
NW2 7AP

SQS Group (UK) Limited

Independent auditor's report to the members of SQS Group (UK) Limited

Year ended 31 August 2016

We have audited the financial statements of SQS Group (UK) Limited for the year ended 31 August 2016 which comprise the consolidated statement of income and retained earnings, company statement of income and retained earnings, consolidated statement of financial position, company statement of financial position, consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

Respective responsibilities of directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 August 2016 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

SQS Group (UK) Limited

Independent auditor's report to the members of SQS Group (UK) Limited

(continued)

Year ended 31 August 2016

Matters on which we are required to report by exception

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



Nigel V W Harra, senior statutory auditor
For and on behalf of BDO Northern Ireland, statutory auditor
Lindsay House
10 Callender Street
Belfast
BT1 5BN

17 May 2017

SQS Group (UK) Limited

Consolidated statement of income and retained earnings

Year ended 31 August 2016

	Note	2016 £	2015 £
Turnover	5	52,595,958	47,515,425
Cost of sales		45,925,322	41,516,289
Gross profit		6,670,636	5,999,136
Administrative expenses		5,588,751	4,478,641
Other operating income	6	716,508	389,379
Operating profit	7	1,798,393	1,909,874
Other interest receivable and similar income		72,334	792
Interest payable and similar charges	12	91,975	84,512
Profit on ordinary activities before taxation		1,778,752	1,826,154
Tax on profit on ordinary activities	13	369,321	337,700
Profit for the financial year and total comprehensive income		1,409,431	1,488,454
Dividends paid and payable	15	(645,000)	(900,000)
Retained earnings at the start of the year		4,531,503	3,943,049
Retained earnings at the end of the year		5,295,934	4,531,503

All the activities of the group are from continuing operations.

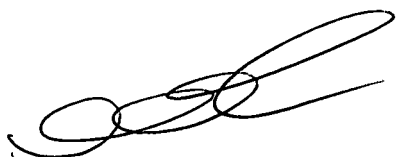
SQS Group (UK) Limited**Company statement of income and retained earnings****Year ended 31 August 2016**

	Note	2016 £	2015 £
Profit for the financial year and total comprehensive income		645,000	900,000
Dividends paid and payable	15	(645,000)	(900,000)
Retained earnings at the start of the year		<u>—</u>	<u>—</u>
Retained earnings at the end of the year		<u><u>—</u></u>	<u><u>—</u></u>

SQS Group (UK) Limited**Consolidated statement of financial position****31 August 2016**

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	16	988,103	1,031,998
Current assets			
Stocks	18	382,427	228,592
Debtors	19	12,984,372	10,191,976
Cash at bank and in hand		1,216,750	3,143,348
		<u>14,583,549</u>	<u>13,563,916</u>
Creditors: amounts falling due within one year	20	<u>9,661,093</u>	<u>10,047,388</u>
Net current assets		<u>4,922,456</u>	<u>3,516,528</u>
Total assets less current liabilities		<u>5,910,559</u>	<u>4,548,526</u>
Creditors: amounts falling due after more than one year	21	604,167	–
Provisions			
Taxation including deferred tax	22	9,358	15,923
Net assets		<u>5,297,034</u>	<u>4,532,603</u>
Capital and reserves			
Called up share capital	24	1,100	1,100
Profit and loss account	25	5,295,934	4,531,503
Members funds		<u>5,297,034</u>	<u>4,532,603</u>

These financial statements were approved by the board of directors and authorised for issue on 12/05/17 and are signed on behalf of the board by:



Mr M O'Connor
Director



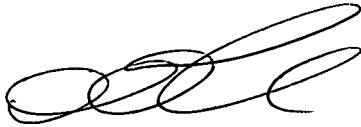
Mrs C O'Connor
Director

Company registration number: 07976634

SQS Group (UK) Limited**Company statement of financial position****31 August 2016**

	Note		2016 £	2015 £
Fixed assets				
Investments	17		400	400
Current assets				
Debtors	19	700		450,700
Creditors: amounts falling due within one year	20	—		450,000
Net current assets			<u>700</u>	<u>700</u>
Total assets less current liabilities			<u>1,100</u>	<u>1,100</u>
Capital and reserves				
Called up share capital	24		<u>1,100</u>	<u>1,100</u>
Members funds			<u>1,100</u>	<u>1,100</u>

These financial statements were approved by the board of directors and authorised for issue on 17/05/17 and are signed on behalf of the board by:



Mr M O'Connor
Director



Mrs C O'Connor
Director

Company registration number: 07976634

SQS Group (UK) Limited
Consolidated statement of cash flows
Year ended 31 August 2016

	2016 £	2015 £
Cash flows from operating activities		
Profit for the financial year	1,409,431	1,488,454
<i>Adjustments for:</i>		
Depreciation of tangible assets	120,577	155,477
Other interest receivable and similar income	(72,334)	(792)
Interest payable and similar charges	91,975	84,512
Gains on disposal of tangible assets	(726)	(41,281)
Tax on profit on ordinary activities	369,321	337,700
Accrued (income)/expenses	(24,899)	1,612,304
<i>Changes in:</i>		
Stocks	(153,835)	(100,534)
Trade and other debtors	(540,804)	(1,505,080)
Trade and other creditors	(548,410)	1,888,115
Cash generated from operations	<u>650,296</u>	<u>3,918,875</u>
Interest paid	(63,903)	(84,512)
Interest received	-	792
Tax paid	(466,944)	(57,463)
Net cash from operating activities	<u>119,449</u>	<u>3,777,692</u>
Cash flows from investing activities		
Purchase of tangible assets	(92,099)	(88,318)
Proceeds from sale of tangible assets	16,143	136,500
Net cash (used in)/from investing activities	<u>(75,956)</u>	<u>48,182</u>
Cash flows from financing activities		
Proceeds from borrowings	1,000,000	(794,049)
Repayments of borrowings	(145,833)	-
Dividends paid	(645,000)	(900,000)
Loans to related parties	(2,179,258)	-
Net cash used in financing activities	<u>(1,970,091)</u>	<u>(1,694,049)</u>
Net (decrease)/increase in cash and cash equivalents	(1,926,598)	2,131,825
Cash and cash equivalents at beginning of year	3,143,348	1,011,523
Cash and cash equivalents at end of year	<u>1,216,750</u>	<u>3,143,348</u>

SQS Group (UK) Limited

Notes to the financial statements

Year ended 31 August 2016

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 12 Priestley Way, London, England, NW2 7AP.

2. Statement of compliance

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

3. Principal activities, legal form and country of incorporation

The principal activity of the group during the year was that of tarmac re-instatement, highway maintenance and utility re-instatement.

Each company within the group is a limited company. The country of incorporation of the parent company is England. The country of incorporation of each of the members within the group is included within note 17.

4. Accounting policies

Basis of preparation

The financial statements have been prepared on the going concern basis and in accordance with the historical cost convention. The financial reporting framework that has been applied in their preparation is the Companies Act 2006 and FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council.

The financial statements have been prepared in Sterling, which is the functional currency of the entity.

Cash and cash equivalents

Cash consists of cash on hand and demand deposits. Cash equivalents consist of short term highly liquid investments that are readily convertible to known amounts of cash that are subject to an insignificant risk of change in value.

Other financial assets

Other financial assets including trade debtors for services rendered to customers on short-term credit, are initially measured at the undiscounted amount of cash receivable from that customer, which is normally the invoice price, and are subsequently measured at amortised cost less impairment, where there is objective evidence of an impairment.

Other financial liabilities

Trade creditors are measured at invoice price, unless payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate. In this case the arrangement constitutes a financing transaction, and the financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

SQS Group (UK) Limited

Notes to the financial statements *(continued)*

Year ended 31 August 2016

4. Accounting policies *(continued)*

Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following disclosure exemptions available under paragraph FRS 102:

- (a) No cash flow statement has been presented for the company.
- (b) Disclosures in respect of financial instruments have not been presented.
- (c) No disclosure has been given for the aggregate remuneration of key management personnel.

Dividends

Equity dividends are recognised when they become legally payable or receivable.

Consolidation

The consolidated financial statements incorporate the accounts of the company and all its subsidiaries, using the acquisition or merger method of accounting as required. Where the acquisition method is used the results of subsidiary undertakings are included from the date of acquisition.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

- Trade and other debtors are recognised to the extent that they are judged recoverable. Management reviews are performed to estimate the level of reserves required for irrecoverable debt. Provisions are made against specific invoices where recoverability is uncertain.
- Management makes allowance for doubtful debts based on an assessment of the recoverability of debtors. Allowances are applied to debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyse historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the provision for doubtful debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of debtors and the charge in the profit and loss account.

SQS Group (UK) Limited

Notes to the financial statements *(continued)*

Year ended 31 August 2016

4. Accounting policies *(continued)*

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

- Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- Contract revenue and costs are recognised when the outcome of a construction contract can be reliably estimated. The percentage of completion method is used to value revenue and costs at year end, these are included in the profit or loss account. At year end, the company reviews the recoverability of amounts already recognised as contract revenue. If, on the review of market conditions and conversations with the client, the debtor is not considered to be recoverable, the undeliverable amount will be expensed in the year. When, on review of production schedules, it is deemed probable that total contract costs will exceed total contract revenue the expected loss is recognised as an expense immediately, which a corresponding provision for an onerous contract.

Revenue recognition

Turnover represents sales to external customers at invoiced amounts exclusive of value added tax.

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion.

Income tax

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

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

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

SQS Group (UK) Limited

Notes to the financial statements *(continued)*

Year ended 31 August 2016

4. Accounting policies *(continued)*

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Leasehold Property	-	3% straight line
Plant & Machinery	-	25% reducing balance
Fixtures & Fittings	-	25% reducing balance
Motor Vehicles	-	25% reducing balance
Site Development	-	3% straight line

Investments

Parent company investments in subsidiary companies are initially recorded at cost, and subsequently stated at cost less accumulated impairment losses.

Impairment of fixed assets

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

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

SQS Group (UK) Limited

Notes to the financial statements *(continued)*

Year ended 31 August 2016

4. Accounting policies *(continued)*

Financial instruments *(continued)*

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

5. Turnover

Turnover arises from:

	2016 £	2015 £
Construction contracts	<u>52,595,958</u>	<u>47,515,425</u>

The whole of the turnover is attributable to the principal activity of the group wholly undertaken in the United Kingdom.

6. Other operating income

	2016 £	2015 £
Management charges receivable	436,621	332,947
Other operating income	<u>279,887</u>	<u>56,432</u>
	<u>716,508</u>	<u>389,379</u>

7. Operating profit

Operating profit or loss is stated after charging:

	2016 £	2015 £
Depreciation of tangible assets	120,577	155,477
Gains on disposal of tangible assets	(726)	(41,281)
Impairment of trade debtors	<u>10,080</u>	<u>30,431</u>

8. Other material items

Other material items within the statement of comprehensive income, other than those already disclosed are as follows:

	2016 £	2015 £
Purchases	1,295,555	1,563,243
Subcontractor costs	11,616,575	9,832,037
Materials and site clearance	10,646,777	8,289,533
Plant and lorry expenses	2,825,283	2,424,162
Other cost of sales direct costs	1,137,885	1,706,844
Hire costs	7,949,417	6,999,533
Rent, rates and water	<u>690,193</u>	<u>641,031</u>

SQS Group (UK) Limited

Notes to the financial statements *(continued)*

Year ended 31 August 2016

9. Auditor's remuneration

	2016 £	2015 £
Fees payable for the audit of the financial statements	<u>25,500</u>	<u>24,950</u>
Fees payable to the company's auditor and its associates for other services:		
Taxation compliance services	3,750	3,750
Taxation advisory services	<u>11,770</u>	<u>5,000</u>

10. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2016 No.	2015 No.
Number of production and administrative staff	<u>315</u>	<u>314</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2016 £	2015 £
Wages and salaries	11,757,791	11,543,581
Social security costs	<u>1,322,037</u>	<u>1,252,601</u>
	<u>13,079,828</u>	<u>12,796,182</u>

11. Directors' remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2016 £	2015 £
Remuneration	<u>161,762</u>	<u>61,962</u>

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

	2016 No.	2015 No.
Defined contribution plans	<u>2</u>	<u>2</u>

12. Interest payable and similar charges

	2016 £	2015 £
Interest on banks loans and overdrafts	38,352	61,282
Interest on obligations under finance leases and hire purchase contracts	25,550	23,230
Interest payable on loan from directors	<u>28,073</u>	<u>—</u>
	<u>91,975</u>	<u>84,512</u>

SQS Group (UK) Limited

Notes to the financial statements *(continued)*

Year ended 31 August 2016

13. Tax on profit on ordinary activities

Major components of tax expense

	2016 £	2015 £
Current tax:		
UK current tax expense	375,731	330,499
Adjustments in respect of prior periods	155	–
Total current tax	<u>375,886</u>	<u>330,499</u>
Deferred tax:		
Impact of change in tax rate	(1,593)	–
Origination and reversal of timing differences	(4,972)	7,201
Total deferred tax	<u>(6,565)</u>	<u>7,201</u>
Tax on profit on ordinary activities	<u><u>369,321</u></u>	<u><u>337,700</u></u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2015: lower than) the standard rate of corporation tax in the UK of 20% (2015: 20%).

	2016 £	2015 £
Profit on ordinary activities before taxation	1,778,752	1,826,154
Profit on ordinary activities by rate of tax	355,751	365,231
Adjustment to tax charge in respect of prior periods	155	3,877
Effect of expenses not deductible for tax purposes	32,490	14,204
Effect of capital allowances and depreciation	–	(4,692)
Utilisation of tax losses	–	(57,889)
Unused tax losses	–	550
Rounding on tax charge	–	7,201
Deferred tax not recognised	(18,034)	–
Reduction in tax rate	–	9,218
Adjust closing deferred tax to average rate of 20%	(1,041)	–
Tax on profit on ordinary activities	<u><u>369,321</u></u>	<u><u>337,700</u></u>

14. Profit for the year of the parent company

The profit for the financial year of the parent company was £645,000 (2015: £900,000).

15. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2016 £	2015 £
Equity dividends on ordinary shares	<u><u>645,000</u></u>	<u><u>900,000</u></u>

SQS Group (UK) Limited

Notes to the financial statements *(continued)*

Year ended 31 August 2016

16. Tangible assets

Group	Leasehold Property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Site Developme nt £	Total £
Cost						
At 1 Sep 2015	651,691	281,652	435,027	115,861	131,277	1,615,508
Additions	35,796	–	54,468	–	1,835	92,099
Disposals	–	–	–	(42,876)	(7,393)	(50,269)
At 31 Aug 2016	687,487	281,652	489,495	72,985	125,719	1,657,338
Depreciation						
At 1 Sep 2015	67,421	190,760	240,955	75,622	8,752	583,510
Charge for the year	22,040	27,413	55,260	11,623	4,241	120,577
Disposals	–	–	–	(34,729)	(123)	(34,852)
At 31 Aug 2016	89,461	218,173	296,215	52,516	12,870	669,235
Carrying amount						
At 31 Aug 2016	598,026	63,479	193,280	20,469	112,849	988,103
At 31 Aug 2015	584,270	90,892	194,072	40,239	122,525	1,031,998

The company has no tangible assets.

17. Investments

The group has no investments.

Company	Shares in group undertakings £
Cost	
At 1 Sep 2015 and 31 Aug 2016	400
Impairment	
At 1 Sep 2015 and 31 Aug 2016	–
Carrying amount	
At 1 Sep 2015 and 31 Aug 2016	400

Subsidiaries, associates and other investments

SQS Group (UK) Limited

Notes to the financial statements (continued)

Year ended 31 August 2016

17. Investments (continued)

	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
Subsidiary undertakings				
All held by the company:				
Stanmore Quality Surfacing Limited	England	Ordinary	100%	Surfacing Contractors
Quality Recycling Solutions Limited	England	Ordinary	100%	Recycling Materials
Ontrack Management Solutions Limited	England	Ordinary	100%	Project Management

The registered address of each subsidiary is the same as that of the parent entity.

18. Stocks

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Raw materials and consumables	<u>382,427</u>	<u>228,592</u>	<u>-</u>	<u>-</u>

There is no material difference between the net book value and the replacement cost of the stock.

19. Debtors

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Trade debtors	2,577,676	1,476,687	-	-
Prepayments and accrued income	480,404	1,109,655	-	-
Amounts due from related parties	4,280,675	2,127,126	-	-
Amounts recoverable on contract	5,371,040	5,468,388	-	-
Other debtors	274,577	10,120	700	450,700
	<u>12,984,372</u>	<u>10,191,976</u>	<u>700</u>	<u>450,700</u>

All debts are due within one year.

SQS Group (UK) Limited

Notes to the financial statements (continued)

Year ended 31 August 2016

20. Creditors: amounts falling due within one year

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Trade creditors	4,475,945	3,886,228	-	-
Amounts owed to group undertakings	-	-	-	450,000
Amounts owed to related parties	-	1,075,312	-	-
Accruals and deferred income	2,725,189	2,750,088	-	-
Corporation tax	209,731	300,789	-	-
Social security and other taxes	1,364,806	1,311,733	-	-
Director loan accounts	280,489	51,032	-	-
Other creditors	604,933	672,206	-	-
	<u>9,661,093</u>	<u>10,047,388</u>	<u>-</u>	<u>450,000</u>

21. Creditors: amounts falling due after more than one year

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Director loan accounts	<u>604,167</u>	<u>-</u>	<u>-</u>	<u>-</u>

22. Provisions

Group	Deferred tax (note 23) £
At 1 September 2015	15,923
Charge against provision	(6,565)
At 31 August 2016	<u>9,358</u>

The company does not have any provisions.

23. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Included in provisions (note 22)	<u>9,358</u>	<u>15,923</u>	<u>-</u>	<u>-</u>

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

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Accelerated capital allowances	12,872	15,923	-	-
Short term timing differences	(3,514)	-	-	-
	<u>9,358</u>	<u>15,923</u>	<u>-</u>	<u>-</u>

SQS Group (UK) Limited

Notes to the financial statements *(continued)*

Year ended 31 August 2016

24. Called up share capital

Issued, called up and fully paid

	2016		2015	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1,100</u>	<u>1,100</u>	<u>1,100</u>	<u>1,100</u>

25. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

26. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Not later than 1 year	544,740	479,840	-	-
Later than 1 year and not later than 5 years	1,968,035	1,919,360	-	-
Later than 5 years	7,467,544	7,947,384	-	-
	<u>9,980,319</u>	<u>10,346,584</u>	<u>-</u>	<u>-</u>

27. Directors' advances, credits and guarantees

During the year the directors entered into the following advances and credits with the company and its subsidiary undertakings:

	2016			
	Balance brought forward £	Advances/ (credits) to the directors £	Amounts repaid £	Balance outstanding £
Mr M O'Connor	(25,516)	(822,500)	405,688	(442,328)
Mrs C O'Connor	(25,516)	(822,500)	405,688	(442,328)
	<u>(51,032)</u>	<u>(1,645,000)</u>	<u>811,376</u>	<u>(884,656)</u>

	2015			
	Balance brought forward £	Advances/ (credits) to the directors £	Amounts repaid £	Balance outstanding £
Mr M O'Connor	(422,541)	(450,000)	847,025	(25,516)
Mrs C O'Connor	(422,541)	(450,000)	847,025	(25,516)
	<u>(845,082)</u>	<u>(900,000)</u>	<u>1,694,050</u>	<u>(51,032)</u>

SQS Group (UK) Limited**Notes to the financial statements** *(continued)***Year ended 31 August 2016**

28. Related party transactions**Company**

The group was under the control of Mr M O'Connor and Mrs C O'Connor throughout the current and prior year. Mr and Mrs O'Connor are directors and shareholders.

Commercial Plant Services Ltd is a related party with Stanmore Quality Surfacing Limited and Quality Recycling Solutions Ltd through sharing common directors.

The group has availed of the disclosure in FRS 102 Section 33.14 to disclose items of similar nature in aggregate in respect of transactions with related party undertakings.

During the year Stanmore Quality Surfacing Limited rendered services totalling £8,270,873 plus VAT (2015: £6,010,091 plus VAT) to Commercial Plant Services Ltd. Commercial Plant Services Ltd made payments in respect of these services of £1,423,180 (2015: £Nil). During the year, Stanmore Quality Surfacing Limited received services totalling £9,384,017 plus VAT (2015: £7,913,080 plus VAT) from Commercial Plant Services Ltd. Stanmore Quality Surfacing Limited made payments to, and on behalf of, Commercial Plant Services Ltd of £2,199,911 (2015: £1,680,000).

During the year, Stanmore Quality Surfacing Limited provided a loan to Commercial Plant Services Ltd of £2,179,258 (2015: £Nil). There was interest charged on this loan during the year of £72,334 (2015: £Nil).

At 31 August 2016, there is an amount due from Commercial Plant Services Ltd in respect of these related party transactions in current and previous years of £4,042,305 (2015: £2,127,126).

During the year Quality Recycling Solutions Ltd rendered services totalling £321,522 plus VAT (2015: £296,857 plus VAT) to Commercial Plant Services Ltd. Commercial Plant Services Ltd made payments in respect of these services of £Nil (2015: £52,944). During the year, Quality Recycling Solutions Ltd received services totalling £539,761 plus VAT (2015: £420,803 plus VAT) from Commercial Plant Services Ltd. Quality Recycling Solutions Ltd made payments in respect of services received in current and previous years of £1,531,922 (2015: £Nil).

At 31 August 2016, there is an amount due from Commercial Plant Services Ltd in respect of these related party transactions in current and previous years of £238,370 (2015: Creditor of £1,075,312). No other transactions with related parties were undertaken such as are required to be disclosed under FRS 102 paragraph 33.

29. Comparative figures

Where appropriate, comparative figures have been restated for presentational purposes. The changes made have had no effect on either profit or loss.