

COMPANY REGISTRATION NUMBER: 2645178

Galamast Limited

Financial Statements

30 September 2018



Galamast Limited

Financial Statements

Year Ended 30 September 2018

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Galamast Limited

Officers and Professional Advisers

The board of directors

Mr M F Gallagher
Mr K T Masterson

Registered office

Park House
61 Cowper Road
Bromley
Kent
BR2 9RT

Galamast Limited

Directors' Report

Year Ended 30 September 2018

The company's main activity during the year continued to be that of civil engineering contractors. The company also carries out a significant amount of store construction and refurbishment work for a leading international food retailer.

Results and Performance

In the year under review turnover from groundworks contracting for residential housing developers increased significantly to £31.8 million (2017: £26.5 million). However, the store refurbishment work fell to £37.0 million (2017: £42.5 million).

Costs and margins remained under pressure but the company achieved a significant increase in gross operating profit to £6.5 million (2017: £5.7 million), the gross operating margin percentage increased to 9.4% (2017: 8.2%).

Business Environment

Trading conditions within the UK residential housing market remained positive throughout 2018 and particularly in the South East where the company operates. The industry is under pressure to meet the ever growing demand for new housing throughout the UK and the company is involved with a number of major developments for two of the UK's leading housebuilders. However, margin and capacity restraints remain a concern. The restaurant refurbishment work continues to fall away as expected, and it is anticipated that this will fall back to historic lower levels.

Strategy

The directors strategy is to work closely with a small number of customers and to build a partnership approach to undertaking contracts. This has enabled the company to plan and optimise its operations over the longer term which is now paying dividends. In turn the company has built strong working relationships with a number of key suppliers, subcontracting out specialised operations. It has adopted a lean business model, keeping its own investment in plant and machinery to a minimum and maintaining a very tight control over direct costs and overheads.

Principal Risks and Uncertainties

The concentration of work coming from three major customers presents a risk. A breakdown in relations with any one of these would put a severe strain on the business. However, the directors believe that the opportunities and benefits of working closely with these major customers outweighs the risks, but they remain aware of the downside.

A second major risk may arise when UK interest rates start rising again back towards the long term average. This will put pressure on the affordability of mortgages, which in turn could result in a slowdown in the UK housing sector.

The referendum vote for the UK to leave the European Union has not had a noticeable effect on the company's trading to date, and the directors do not believe this to be a significant risk. However, it may impact the company's ability to attract skilled labour in the future.

Future Developments

The outlook for the company's main activity of groundworks for the major housebuilders in the South East remains very promising, and the company has been successful in winning a number of major new contracts. However, the directors expect the refurbishment work to reduce now that the current expansion and refurbishment programme draws to a close.

This report was approved by the board of directors on 19 June 2019



Mr M F Gallagher
Director



Mr K T Masterson
Director

Galamast Limited

Directors' Report

Year Ended 30 September 2018

The directors present their report and the financial statements of the company for the year ended 30 September 2018.

Directors

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

Mr M F Gallagher
Mr K T Masterson

Dividends

The directors declared dividends of £619,000 in the year (2017: £168,000)

Financial instruments

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

The directors manage the company's exposure to financial risk by maintaining close awareness of the credit worthiness of customers and by seeking advice from the company's providers of finance and its other external financial advisors.

The company does not have any direct exposure to currency risk, and the company does not trade speculatively in derivatives or similar financial instruments.

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 company and 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 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.

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.

Galamast Limited

Directors' Report *(continued)*

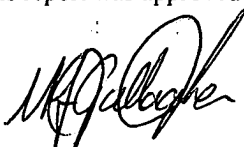
Year Ended 30 September 2018

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 19 June 2019



Mr M F Gallagher
Director



Mr K T Masterson
Director

Galamast Limited

Independent Auditor's Report to the Members of Galamast Limited (continued)

Year Ended 30 September 2018

Opinion

We have audited the financial statements of Galamast Limited (the 'company') for the year ended 30 September 2018 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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.

Independent Auditor's Report to the Members of Galamast Limited (continued)

Year Ended 30 September 2018

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In 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 or the directors' report.

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

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

Galamast Limited

Independent Auditor's Report to the Members of Galamast Limited (continued)

Year Ended 30 September 2018

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.

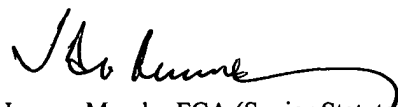
As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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



Jeremy Mumby FCA (Senior Statutory Auditor)

19 June 2019

For and on behalf of Mumby Heppenstall

Chartered Accountants & Statutory Auditor

Galamast Limited

Statement of Income and Retained Earnings

Year Ended 30 September 2018

	Note	2018 £	2017 £
Turnover	4	69,133,762	69,093,937
Cost of sales		<u>62,540,113</u>	<u>63,407,540</u>
Gross Profit		6,593,649	5,686,397
Administrative expenses		1,842,166	1,838,032
Other operating income		<u>274,667</u>	<u>-</u>
Operating Profit	5	5,026,150	3,848,365
Other interest receivable and similar income	9	13,848	7,000
Interest payable and similar expenses	10	<u>7,612</u>	<u>17,042</u>
Profit Before Taxation		5,032,386	3,838,323
Tax on profit	11	<u>972,526</u>	<u>766,233</u>
Profit for the Financial Year and Total Comprehensive Income		<u>4,059,860</u>	<u>3,072,090</u>
Dividends paid and payable	12	(619,000)	(168,000)
Retained Earnings at the Start of the Year		9,847,131	6,943,041
Retained Earnings at the End of the Year		<u>13,287,991</u>	<u>9,847,131</u>

All the activities of the company are from continuing operations.

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

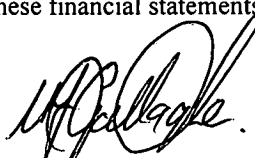
Galamast Limited


Statement of Financial Position

30 September 2018

	Note	2018 £	2017 £
Fixed Assets			
Tangible assets	13	6,710,166	530,486
Current Assets			
Stocks	14	2,923,007	5,455,007
Debtors	15	4,562,879	8,755,759
Cash at bank and in hand		5,694,405	1,796,216
		<u>13,180,291</u>	<u>16,006,982</u>
Creditors: amounts falling due within one year	16	<u>6,293,517</u>	<u>5,951,280</u>
Net Current Assets		<u>6,886,774</u>	<u>10,055,702</u>
Total Assets Less Current Liabilities		<u>13,596,940</u>	<u>10,586,188</u>
Creditors: amounts falling due after more than one year	17	21,593	91,591
Provisions			
Taxation including deferred tax	19	10,256	26,862
Other provisions	19	<u>277,000</u>	<u>620,504</u>
		<u>287,256</u>	<u>647,366</u>
Net Assets		<u><u>13,288,091</u></u>	<u><u>9,847,231</u></u>
Capital and Reserves			
Called up share capital	22	100	100
Profit and loss account	23	<u>13,287,991</u>	<u>9,847,131</u>
Shareholders Funds		<u><u>13,288,091</u></u>	<u><u>9,847,231</u></u>

These financial statements were approved by the board of directors and authorised for issue on 19 June 2019


Mr M F Gallagher
Director


Mr K T Masterson
Director

Company registration number: 2645178

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

Galamast Limited

Statement of Cash Flows

Year Ended 30 September 2018

	2018 £	2017 £
Cash Flows from Operating Activities		
Profit for the financial year	4,059,860	3,072,090
<i>Adjustments for:</i>		
Depreciation of tangible assets	110,275	154,045
Other interest receivable and similar income	(13,848)	(7,000)
Interest payable and similar expenses	7,612	17,042
Loss on disposal of tangible assets	—	18,161
Tax on profit	972,526	766,233
Accrued expenses	1,500	1,000
<i>Changes in:</i>		
Stocks	2,532,000	1,721,000
Trade and other debtors	4,192,880	(1,734,538)
Trade and other creditors	(193,052)	(1,478,442)
Provisions and employee benefits	(343,504)	333,504
Cash generated from operations	11,326,249	2,863,095
Interest paid	(7,612)	(17,042)
Interest received	13,848	7,000
Tax paid	(368,125)	(1,140,200)
Net cash from operating activities	10,964,360	1,712,853
Cash Flows from Investing Activities		
Purchase of tangible assets	(6,289,955)	(195,100)
Proceeds from sale of tangible assets	—	29,485
Net cash used in investing activities	(6,289,955)	(165,615)
Cash Flows from Financing Activities		
Proceeds from borrowings	(26,154)	(193,214)
Payments of finance lease liabilities	(131,061)	(5,173)
Dividends paid	(619,000)	(168,000)
Net cash used in financing activities	(776,215)	(366,387)
Net Increase in Cash and Cash Equivalents	3,898,190	1,180,851
Cash and Cash Equivalents at Beginning of Year	1,796,216	615,365
Cash and Cash Equivalents at End of Year	5,694,406	1,796,216

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

Galamast Limited

Notes to the Financial Statements

Year Ended 30 September 2018

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Park House, 61 Cowper Road, Bromley, Kent, BR2 9RT.

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. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

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.

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: Useful economic lives of tangible fixed assets: The annual depreciation charge is sensitive to changes in the estimated economic lives and residual value of tangible fixed assets. Management re-assess these annually and amend them where necessary to reflect current estimates.

Impairment of debtors: The main contractors for whom the company carries out work make a retention of between 3 - 5% of each incremental valuation. This retention is then held for a period of at least twelve months and sometimes longer pending the completion of the contract in question. When assessing the recoverability of these retention debtors management consider the success or otherwise of the contract, the likelihood of remedial works necessary, and experience of recoverability on earlier contracts.

Work in progress: At any particular time the company will have carried out work and incurred costs against a contract which have not been agreed, for whatever reason, with the main contractor. Management therefore must estimate the value of such works and the recoverability.

Revenue recognition

Turnover represents amounts certified by main contractors in respect of work done on long term contracts, and, for other works, amounts invoiced excluding Value Added Tax.

Galamast Limited

Notes to the Financial Statements (continued)

Year Ended 30 September 2018

3. Accounting policies (continued)

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.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

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:

Freehold Property	- 0.5% straight line
Office Equipment	- 50% straight line
Motor Cars	- 25% reducing balance
Commercial Vehicles	- 33% reducing balance

Investment property

Investment property is initially recorded at cost, which includes purchase price and any directly attributable expenditure.

Investment property is revalued to its fair value at each reporting date and any changes in fair value are recognised in profit or loss.

If a reliable measure of fair value is no longer available without undue cost or effort for an item of investment property, it shall be transferred to tangible assets and treated as such until it is expected that fair value will be reliably measurable on an on-going basis.

Galamast Limited

Notes to the Financial Statements (continued)

Year Ended 30 September 2018

3. Accounting policies (continued)

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.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks of land acquired for redevelopment are valued at the lower of cost and net realisable value. Stocks of materials held on site are included at cost based on quantities estimated by the directors. Work done on long term contracts is certified monthly by the main contractors and any amounts recoverable upon such certification not yet received are included in trade debtors.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Galamast Limited

Notes to the Financial Statements (continued)

Year Ended 30 September 2018

Financial instruments

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 entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Defined contribution plans

The company operates a defined contribution pension scheme for the two executive directors. Contributions in respect of the pension scheme are charged to the profit and loss account for the year in which they are payable to the scheme. Differences between contributions payable and contributions actually paid in the year are shown as either accruals or prepayments at the year end. The assets of the scheme are held separately from those of the company in an independently administered fund.

4. Turnover

Turnover arises from:

	2018 £	2017 £
Sale of goods	69,055,410	-
Construction contracts	-	69,093,937
	<u>69,055,410</u>	<u>69,093,937</u>

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

5. Operating profit

Operating profit or loss is stated after charging:

	2018 £	2017 £
Depreciation of tangible assets	110,275	154,045
Loss on disposal of tangible assets	-	18,161
	<u>110,275</u>	<u>172,206</u>

Galamast Limited

Notes to the Financial Statements (continued)

Year Ended 30 September 2018

6. Auditor's remuneration

	2018	2017
	£	£
Fees payable for the audit of the financial statements	<u>11,000</u>	<u>10,000</u>
Fees payable to the company's auditor and its associates for other services: Audit-related assurance services	<u>5,000</u>	<u>3,500</u>

7. Staff costs

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

	2018	2017
	No.	No.
Production staff	220	219
Administrative staff	<u>25</u>	<u>25</u>
	<u>245</u>	<u>244</u>

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

	2018	2017
	£	£
Wages and salaries	10,275,400	9,791,742
Social security costs	1,120,773	1,070,787
Other pension costs	<u>121,052</u>	<u>80,130</u>
	<u>11,517,225</u>	<u>10,942,659</u>

8. Directors' remuneration

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

	2018	2017
	£	£
Remuneration	100,000	100,000
Company contributions to defined contribution pension plans	<u>20,914</u>	<u>19,301</u>
	<u>120,914</u>	<u>119,301</u>

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

	2018	2017
	No.	No.
Defined contribution plans	<u>2</u>	<u>2</u>

Galamast Limited

Notes to the Financial Statements (continued)

Year Ended 30 September 2018

9. Other interest receivable and similar income

	2018	2017
	£	£
Interest on cash and cash equivalents	11,956	7,000
Other interest received	1,892	—
	<u>13,848</u>	<u>7,000</u>

10. Interest payable and similar expenses

	2018	2017
	£	£
Interest on obligations under finance leases and hire purchase contracts	7,612	13,322
Other interest payable and similar charges	—	3,720
	<u>7,612</u>	<u>17,042</u>

11. Tax on profit

Major components of tax expense

	2018	2017
	£	£
Current tax:		
UK current tax expense	989,131	768,802
Deferred tax:		
Origination and reversal of timing differences	(16,605)	(2,569)
Tax on profit	<u>972,526</u>	<u>766,233</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2017: higher than) the standard rate of corporation tax in the UK of 19% (2017: 19.50%).

	2018	2017
	£	£
Profit on ordinary activities before taxation	5,032,386	3,838,323
Profit on ordinary activities by rate of tax	941,266	748,421
Effect of expenses not deductible for tax purposes	16,300	21,331
Effect of capital allowances and depreciation	16,678	(950)
Tax on profit	<u>974,244</u>	<u>768,802</u>

Galamast Limited

Notes to the Financial Statements (continued)

Year Ended 30 September 2018

12. Dividends

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

	2018	2017
	£	£
Dividends paid on equity shares	<u>619,000</u>	<u>168,000</u>

13. Tangible assets

	Land and buildings £	Fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 1 October 2017	205,000	35,037	1,001,800	1,241,837
Additions	<u>6,289,955</u>	<u>—</u>	<u>—</u>	<u>6,289,955</u>
At 30 September 2018	<u>6,494,955</u>	<u>35,037</u>	<u>1,001,800</u>	<u>7,531,792</u>
Depreciation				
At 1 October 2017	19,075	35,037	657,239	711,351
Charge for the year	<u>1,025</u>	<u>—</u>	<u>109,250</u>	<u>110,275</u>
At 30 September 2018	<u>20,100</u>	<u>35,037</u>	<u>746,489</u>	<u>821,626</u>
Carrying amount				
At 30 September 2018	<u>6,474,855</u>	<u>—</u>	<u>255,311</u>	<u>6,710,166</u>
At 30 September 2017	<u>185,925</u>	<u>—</u>	<u>344,561</u>	<u>530,486</u>

Included within the above is investment property as follows:

At 1 October 2017	£ —
Additions	<u>6,289,955</u>
At 30 September 2018	<u>6,289,955</u>

In March 2018 the company purchased from the directors a group of twelve residential properties at Bexley, Kent. The properties were valued in November 2017 by the Stiles Harold Williams Partnership LLP, of Venture House, 27-29 Glasshouse Street, London W1B 5DF, a firm regulated by the RICS (Royal Institution of Chartered Surveyors). The value attributed to the twelve properties was £6,000,000. They are all let subject to 12 month Assured Shorthold Tenancy Agreements.

The company had constructed the properties during the previous two years and gross construction costs of £2,129,910 were transferred from Work in Progress. The company also repaid an outstanding loan owed by the directors to AIB of £1,317,681 and the balance of £2,552,409 was then paid to the directors. The company paid the stamp duty and legal costs due on the transaction.

The directors are of the opinion that the current fair value of the properties has not increased significantly from the value attributed in November 2017.

Galamast Limited

Notes to the Financial Statements (continued)

Year Ended 30 September 2018

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Motor vehicles
	£
At 30 September 2018	<u>180,820</u>
At 30 September 2017	<u>323,650</u>

14. Stocks

	2018	2017
	£	£
Work in progress	2,610,000	5,142,000
Finished goods and goods for resale	313,007	313,007
	<u>2,923,007</u>	<u>5,455,007</u>

Included in the value of work in progress of £5,142,000, is £2,942,000 relating to construction work carried out on two sites owned by the directors. See also note 25 below.

15. Debtors

	2018	2017
	£	£
Trade debtors	3,920,590	7,933,901
Directors loan account	4,944	—
Other debtors	637,345	821,858
	<u>4,562,879</u>	<u>8,755,759</u>

The debtors above include the following amounts falling due after more than one year:

	2018	2017
	£	£
Trade debtors	<u>1,018,177</u>	<u>1,336,814</u>

Galamast Limited

Notes to the Financial Statements (continued)

Year Ended 30 September 2018

16. Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	4,690,748	4,949,642
Accruals and deferred income	16,500	15,000
Corporation tax	989,808	368,802
Social security and other taxes	355,423	311,227
Obligations under finance leases and hire purchase contracts	69,065	130,128
Director loan accounts	5,506	31,660
Other creditors	166,467	144,821
	<u>6,293,517</u>	<u>5,951,280</u>

The bank loan is secured by a mortgage debenture over all the assets of the company dated 6 April 1998, and by a first legal charge over property at 61A Cowper Road, Bromley.

The finance leases and hire purchase contracts are secured on the assets to which they relate.

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

	2018	2017
	£	£
Obligations under finance leases and hire purchase contracts	<u>21,593</u>	<u>91,591</u>

These liabilities are secured as detailed in note 13 above.

18. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2018	2017
	£	£
Not later than 1 year	69,065	130,128
Later than 1 year and not later than 5 years	21,593	91,591
	<u>90,658</u>	<u>221,719</u>

19. Provisions

	Warranties	Deferred tax (note 20)	Total
	£	£	£
At 1 October 2017	277,000	26,862	303,862
Unused amounts reversed	—	(16,606)	(16,606)
At 30 September 2018	<u>277,000</u>	<u>10,256</u>	<u>287,256</u>

Galamast Limited

Notes to the Financial Statements (continued)

Year Ended 30 September 2018

20. Deferred tax

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

	2018	2017
	£	£
Included in provisions (note 19)	<u>10,256</u>	<u>26,862</u>

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

	2018	2017
	£	£
Accelerated capital allowances	<u>—</u>	<u>26,862</u>

21. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £100,138 (2017: £60,829).

22. Called up share capital

Authorised share capital

	2018		2017	
	No.	£	No.	£
Ordinary 'A' shares of £1 each	60	60.00	60	60.00
Ordinary 'B' shares of £1 each	40	40.00	40	40.00
	<u>100</u>	<u>100.00</u>	<u>100</u>	<u>100.00</u>

Issued, called up and fully paid

	2018		2017	
	No.	£	No.	£
Ordinary 'A' shares of £1 each	60	60.00	60	60.00
Ordinary 'B' shares of £1 each	40	40.00	40	40.00
	<u>100</u>	<u>100.00</u>	<u>100</u>	<u>100.00</u>

The 'A' and 'B' shares rank pari passu in all respects except the 'B' shares do not carry voting rights.

23. Reserves

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

Galamast Limited

Notes to the Financial Statements *(continued)*

Year Ended 30 September 2018

24. Directors' advances, credits and guarantees

No advances, credits or guarantees were made to the directors during the year.

25. Related party transactions

The company is under the joint control of Mr M F Gallagher and Mr K T Masterson. Dividends of £619,000 (2017: £168,000) were paid to Mr Gallagher and Mr Masterson during the year.

Included in work in progress is the sum of £2,942,000 representing the value of construction work carried out on two sites owned by the directors. Following completion, the ownership of the first site was transferred to the company in March 2018 at a value assessed by an independent firm of Chartered Surveyors. As part of this transfer, the company paid off a bank loan in the name of the directors and associated with the site and the relevant construction costs of £2,130,000 were capitalised. It is the directors' intention to retain the residential properties concerned as investment properties.

Work on the second site only commenced in mid 2017 and construction work on the site is not expected to be completed until 2019.

Galamast Limited

Management Information

Year Ended 30 September 2018

The following pages do not form part of the financial statements.

Galamast Limited

Detailed Income Statement

Year Ended 30 September 2018

	2018 £	2017 £
Turnover	69,133,762	69,093,937
Cost of Sales		
Opening work in progress	5,142,000	6,863,000
Materials and services	24,895,274	27,809,089
Subcontracted work and services	14,450,537	15,372,643
Wages - hourly paid	9,103,188	8,666,993
Social security costs	994,640	941,229
Pension costs - defined contribution	92,052	54,779
Training	39,372	31,204
Fuel	1,366,483	1,114,972
Site telephone and expenses	130,461	62,072
Site transport expenses	446,643	414,548
Accommodation	254,341	229,139
Site utilities, licences, permits, etc.	98,280	9,317
Vehicle hire	211,794	261,485
Motor repairs	48,331	54,047
Van licences and insurance	191,549	129,671
Professional fees	3,206,454	2,258,799
Plant hire	4,402,136	4,161,708
Depreciation of vans	76,578	114,845
	65,150,113	68,549,540
Closing work in progress	2,610,000	5,142,000
	62,540,113	63,407,540
Gross Profit	6,593,649	5,686,397
Overheads		
Administrative expenses	1,842,166	1,838,032
Other Operating Income	274,667	-
Operating Profit	5,026,150	3,848,365
Other interest receivable and similar income	13,848	7,000
Interest payable and similar expenses	(7,612)	(17,042)
Profit Before Taxation	5,032,386	3,838,323

Galamast Limited

Notes to the Detailed Income Statement

Year Ended 30 September 2018

	2018 £	2017 £
Administrative Expenses		
Directors salaries	100,000	100,000
Directors pension costs - other	20,914	19,301
Staff salaries	1,017,892	975,701
Health insurance	41,526	35,060
Life assurance	12,794	13,988
Employers national insurance contributions	126,133	129,558
Staff pension contributions - defined contribution	8,086	6,050
Rates and water	5,958	5,550
Insurance	106,461	110,166
Car hire/lease chgs	4,372	4,558
Telephone	18,443	83,647
Office expenses	200,391	154,934
Printing postage and stationery	5,363	4,342
Charitable donations (allowable)	17,850	7,950
Entertaining	64,613	79,788
Gifts	3,327	3,499
Legal fees	31,726	26,706
Auditors remuneration	16,000	13,500
Depreciation	33,697	39,200
(Gain)/loss on disposal of tangible assets	—	118,161
Bank charges	6,620	6,373
	<u>1,842,166</u>	<u>1,838,032</u>
Other Operating Income		
Other operating income	<u>274,667</u>	<u>—</u>
Other Interest Receivable and Similar Income		
Interest on cash and cash equivalents	11,956	7,000
Other interest received	<u>1,892</u>	<u>—</u>
	<u>13,848</u>	<u>7,000</u>
Interest Payable and Similar Expenses		
Interest on hire purchase and finance lease contracts	7,612	13,322
Other interest payable	<u>—</u>	<u>3,720</u>
	<u>7,612</u>	<u>17,042</u>