

**INNOVATIVE SCAFFOLD SERVICES LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**Company Registration No. 10529260 (England and Wales)**

# INNOVATIVE SCAFFOLD SERVICES LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr M T Carr Mr C C Butt Mr A C Butt	(Appointed 7 December 2021) (Appointed 31 January 2021)
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<b>Company number</b>	10529260
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<b>Registered office</b>	International House Flint Road Saltney Ferry Chester CH4 0GZ
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<b>Auditor</b>	DSG Castle Chambers 43 Castle Street Liverpool L2 9TL
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# INNOVATIVE SCAFFOLD SERVICES LIMITED

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# **INNOVATIVE SCAFFOLD SERVICES LIMITED**

## **STRATEGIC REPORT**

***FOR THE YEAR ENDED 31 DECEMBER 2021***

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The directors present the strategic report for the year ended 31 December 2021.

### **Fair review of the business**

The results for the year and the financial position were considered satisfactory under the circumstances. A major change in the business was adopted in January 2021 and a "turnaround" exercise was implemented in the company. Michael Carr was appointed to lead this turnaround having had 35 years' experience in the scaffolding industry and successfully exiting twice from NSG, a major competitor to Palmers Scaffolding UK Ltd, the daughter / operating company of ISS.

Former Directors have been removed along with other senior positions and the type and nature of work that the Company now takes on board is subject to greater scrutiny.

Several cost saving measures have also been implemented and there is now a stronger commercial focus within the Company whilst still upholding a very professional SHEQ approach.

The Group has successfully maintained all its accreditations and licences and continues to hold major client approvals.

### **Principal risks and uncertainties**

The key risks and uncertainties affecting the Group are predominantly driven by market factors, safety performance, contractual delivery, commercial terms and conditions, financial risks, and key personnel. These risk factors are considered on a daily basis, and formally by the Board regularly. The Group is engaged at both Heathrow and Gatwick Airports for scaffolding activities in support of maintenance operations. This segment of the market has been severely impacted by the Coronavirus and this resulted in a significant reduction in turnover in 2020, which unfortunately has continued throughout 2021. However, as the Coronavirus continues to subside, this area of the business should now experience a recovery and the Group is well positioned to take advantage of that.

The Group is exposed to a variety of financial risks which the Board manages with the objective of minimising any potential adverse effect on the Group's performance. The Construction sector is exposed to changes in the economic climate, the UK Government's policies and employment laws as well as changing market practices and behaviours following a handful of high-profile company collapses. The Group's approach to this is detailed further in the Directors' Report.

The Board will therefore continue to mitigate these risks in a number of ways, notably by continuing to foster long-term relationships with our key clients, maintaining flexibility in our cost base, ensuring that we are not overly reliant on any one part of our supply chain.

# **INNOVATIVE SCAFFOLD SERVICES LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **Financial key performance indicators**

The Group is managed via our branch structure, with each branch having monthly targets to achieve across a range of financial and non-financial KPI's. The basis of these KPI's are agreed as part of our annual budget and business plan process and cover financial, commercial, operational and safety targets against which performance is monitored monthly.

The Group has implemented a new Financial Accounting software package for introduction in late 2021 (Sun Systems) which will allow much more accurate and timely reporting system to be operated and reviewed at predetermined intervals to improve business performance.

### **Position at 31 December 2021**

The group profit for the financial year after taxation amounted to £711k (2020: Loss £1,070k). The Board have not recommended a dividend.

### **Key performance indicators**

The business has operational and financial reporting procedures, supported by appropriate key performance indicators, to manage the business and any risks that may exist. The principal key performance indicators used by management to monitor performance are as follows: -

1. Safety Performance
2. Revenue
3. EBIT (Earnings before Interest and Tax)
4. Debtor Days / Cash Collection

We measure safety performance over a number of leading and lagging indicators. Our lost time accident frequency rate, per 100,000 man hours, was 0.00 (2020: 0.22).

Group revenues have increased by 39.7% when compared with the prior year, turnover in 2020 due to the fierce competition in the market and the pandemic situation in the UK.

Group EBITDA has increased from £495k loss to £1,047k profit and group EBIT has increased from £1,046k loss to £576k profit.

Group average debtor days for the year are 56 days compared with customer credit terms of 60 days.

# **INNOVATIVE SCAFFOLD SERVICES LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **Future developments**

The Group will continue to focus on its core clients operating in the infrastructure, construction and industrial related sectors, but as mentioned earlier, will be more selective in the type and nature of contracts that it accepts going forward. Our objective remains to operate safely, provide exceptional delivery to our customers and maintain strong relationships with our suppliers. There is now more of a focus on the commercial performance of the existing contracts already in place and the new business that the Group continues to secure.

The Company itself has minimal cash outflows but has loans due to its owner and related parties of the owner who have both confirmed that these loans will not be called-in until such time as the Company's other liabilities are met.

We have maintained cash flows by utilising the governments Job Retention Scheme and have ensured that all of the Group's liabilities regarding PAYE and VAT have been met and are up to date. We have also secured a loan facility under the CBIL Scheme. The Group's owner has also injected funding into the Group, so the liquidity of the Group has significantly improved.

### **Going concern**

The Board have assessed that the actions and strategies available to them to mitigate business threats under stress testing and under all the scenarios have been reviewed. The forecasts demonstrated that the group could operate within its available funding arrangements. Therefore, as there is a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future, the directors have concluded this does not represent a material uncertainty with regards to going concern.

Thus, the financial statements have been prepared on a going concern basis which presumes the realisation of assets and liabilities in the normal course of business. Under this scenario the Group still has significant cash headroom which will allow for further external factors to impact upon it and still enable it to discharge its liabilities as they become due. There is of course a credit risk associated with the Group's debtor book but the new CEO has identified this issue as utmost priority and has put steps in place to collect it.

Based on the above, the board are confident that the actions and strategies in place, results in the Group being able to mitigate business threats as they arise.

### **Contractual relations**

The Group agrees payment terms with its suppliers when it enters into binding purchase contracts. The Group seeks to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided the goods or service in accordance with the agreed terms and conditions. The Group does not have a standard or code which deals specifically with the payment of suppliers. The number of days billing from suppliers outstanding at the year-end was approximately 18 days (2020: 50 days).

On behalf of the board

Mr M T Carr  
**Director**

26 September 2022

# **INNOVATIVE SCAFFOLD SERVICES LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2021***

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 company, and of 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 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 ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **INNOVATIVE SCAFFOLD SERVICES LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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The directors present their annual report and financial statements for the year ended 31 December 2021.

#### **Results and dividends**

The results for the year are set out on page 11.

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

#### **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 T Carr	(Appointed 7 December 2021)
Mr C C Butt	(Appointed 31 January 2021)
Mr A C Butt	
Mr D Morrison	(Resigned 31 January 2021)

#### **Employee engagement**

Information concerning employees and their remuneration is set out in the notes of the financial statements.

It is the policy of the Group to communicate with employees on matters of mutual interest, including health and safety, and to keep them informed about group affairs. Information is provided by various means. Employees participate directly in the success of the business through the group's profit sharing schemes.

It is also the Group's policy to encourage the employment, training and career development of disabled persons. If employees become disabled, every effort is made for them to continue in employment or receive appropriate training. In order to safeguard its employees, the Group pursues a policy which seeks to achieve, as far as practicably possible, secure working environments, and has achieved accreditation to ISO 9001 for all operating divisions.

#### **Financial Instruments**

##### **Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices. Each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms are offered. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval.

A monthly review of the trade receivables' ageing analysis is undertaken and customers' credit is reassessed periodically.

##### **Liquidity risk**

Liquidity risk is the risk that the Group will not be able to support its own working capital requirement and that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Board receives rolling 12-month cash flow projections on a weekly basis as well as information regarding cash balances. At the end of the financial year, these projections indicated that the company will have sufficient liquid resources to meet its obligations under all reasonably expected. Going concern is considered in the Strategic Report.

#### **Future developments**

Information on likely future developments in the business of the Group have been included in the Strategic Report.

#### **Auditor**

BDO LLP resigned as auditors on 8 June 2021 and DSG were appointed as auditor in their place. In accordance with the company's articles, the directors will propose a resolution re-appointing DSG as the auditor at a General Meeting.



## **INNOVATIVE SCAFFOLD SERVICES LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2021***

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#### **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 auditor of the company 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 auditor of the company is aware of that information.

On behalf of the board

Mr M T Carr  
**Director**

26 September 2022

# INNOVATIVE SCAFFOLD SERVICES LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF INNOVATIVE SCAFFOLD SERVICES LIMITED

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#### Qualified opinion

We have audited the financial statements of Innovative Scaffold Services Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including 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, except for the effects of the matter described in the Basis for qualified opinion paragraph in respect of the group, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of the group's loss 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 qualified opinion

With respect to fixed assets with a carrying value of £1,510,482 included in the balance sheet, the audit evidence available to us was limited because we were unable to determine the existence and valuation of fixed assets held by a subsidiary company as the assets were split across multiple locations and verifying the existence and performing valuations of these assets was determined to be impractical. Owing to the nature of the subsidiary company's records we were unable to obtain sufficient appropriate audit evidence regarding the existence and valuation of these fixed assets by using other audit procedures. We are therefore unable to determine whether adjustments to the profit for the year and fixed assets might be necessary.

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 qualified opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

# **INNOVATIVE SCAFFOLD SERVICES LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF INNOVATIVE SCAFFOLD SERVICES LIMITED**

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#### **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 contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

As described in the Basis for qualified opinion section of our report in respect of the group, we were unable to satisfy ourselves concerning the carrying value of fixed assets of £1,510,482 held in the group balance sheet at 31 December 2021. We have concluded that where the other information refers to the fixed assets balance or related balances such as depreciation in the group it may be materially misstated for the same reason.

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

Except for the possible effects of the matter described in the Basis of qualified opinion section of our report in respect of the group, 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.

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

Except for the possible effects of the matter described in the Basis of qualified opinion section of our report in respect of the group, in the light of the knowledge and understanding of the group and the parent 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.

Arising solely from the limitation on the scope of our work relating to fixed assets in the group referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purposes of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

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.

#### **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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

# **INNOVATIVE SCAFFOLD SERVICES LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF INNOVATIVE SCAFFOLD SERVICES LIMITED**

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#### **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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

#### **Capability of the audit in detecting irregularities, including fraud**

Discussions with and enquiries of management and those charged with governance were held with a view to identifying those laws and regulations that could be expected to have a material impact on the financial statements. During the engagement team briefing, the outcomes of these discussions and enquiries were shared with the team, as well as consideration as to where and how fraud may occur in the group and the parent company. The following laws and regulations were identified as being of significance to the group and the parent company:

- Those laws and regulations considered to have a direct effect on the financial statements include UK financial reporting standards, Company Law, Tax and Pensions legislation, and distributable profits legislation.
- Those laws and regulations for which non-compliance may be fundamental to the operating aspects of the business and therefore may have a material effect on the financial statements include environmental regulations, health and safety legislation, trades description act and employment legislation.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: inquiries of management and those charged with governance as to whether the group and the parent company complies with such laws and regulations; enquiries with the same concerning any actual or potential litigation or claims; inspection of relevant legal correspondence; review of board minutes; testing the appropriateness of journal entries; reviewing post year end payments for evidence of claims pay outs and the performance of analytical review to identify unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the group's and the parent company's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# **INNOVATIVE SCAFFOLD SERVICES LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF INNOVATIVE SCAFFOLD SERVICES LIMITED**

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#### **Use of our report**

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Iain White BSc FCA**  
**Senior Statutory Auditor**  
**For and on behalf of DSG**

26 September 2022

**Chartered Accountants**  
**Statutory Auditor**

Castle Chambers  
43 Castle Street  
Liverpool  
L2 9TL

# **INNOVATIVE SCAFFOLD SERVICES LIMITED**

## **GROUP STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 £	2020 £
<b>Turnover</b>	<b>3</b>	17,633,580	12,621,059
Cost of sales		(13,326,903)	(11,355,206)
<b>Gross profit</b>		4,306,677	1,265,853
Administrative expenses		(4,059,350)	(3,790,437)
Other operating income		329,015	1,478,496
<b>Operating profit/(loss)</b>	<b>5</b>	576,342	(1,046,088)
Interest receivable and similar income	<b>9</b>	195	1,020
Interest payable and similar expenses	<b>10</b>	(91,880)	(25,922)
<b>Profit/(loss) before taxation</b>		484,657	(1,070,990)
Tax on profit/(loss)	<b>11</b>	226,482	760
<b>Profit/(loss) for the financial year</b>	<b>24</b>	711,139	(1,070,230)

Profit/(loss) for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

# INNOVATIVE SCAFFOLD SERVICES LIMITED

## GROUP BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Goodwill	12	-		(198,848)	
Tangible assets	13	1,510,482		1,304,229	
		<u>1,510,482</u>		<u>1,105,381</u>	
<b>Current assets</b>					
Debtors	17	4,167,198		5,278,382	
Cash at bank and in hand		2,107,307		1,116,766	
		<u>6,274,505</u>		<u>6,395,148</u>	
<b>Creditors: amounts falling due within one year</b>	18	<u>(3,622,786)</u>		<u>(4,484,570)</u>	
<b>Net current assets</b>		<u>2,651,719</u>		<u>1,910,578</u>	
<b>Total assets less current liabilities</b>		<u>4,162,201</u>		<u>3,015,959</u>	
<b>Creditors: amounts falling due after more than one year</b>	19	<u>(2,681,903)</u>		<u>(2,246,800)</u>	
<b>Net assets</b>		<u><u>1,480,298</u></u>		<u><u>769,159</u></u>	
<b>Capital and reserves</b>					
Called up share capital	23	1		1	
Profit and loss reserves	24	1,480,297		769,158	
<b>Total equity</b>		<u><u>1,480,298</u></u>		<u><u>769,159</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 26 September 2022 and are signed on its behalf by:

Mr M T Carr  
Director

# INNOVATIVE SCAFFOLD SERVICES LIMITED

## COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Investments	15		345,339		345,339
<b>Current assets</b>					
Debtors	17	90,015		60,015	
Cash at bank and in hand		30,393		31,001	
		<u>120,408</u>		<u>91,016</u>	
<b>Creditors: amounts falling due within one year</b>	18	<u>(307,539)</u>		<u>(337,539)</u>	
<b>Net current liabilities</b>			<u>(187,131)</u>		<u>(246,523)</u>
<b>Net assets</b>			<u>158,208</u>		<u>98,816</u>
<b>Capital and reserves</b>					
Called up share capital	23		1		1
Profit and loss reserves	24		<u>158,207</u>		<u>98,815</u>
<b>Total equity</b>			<u>158,208</u>		<u>98,816</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £59,392 (2020 - £44,770 profit).

The financial statements were approved by the board of directors and authorised for issue on 26 September 2022 and are signed on its behalf by:

Mr M T Carr  
Director

Company Registration No. 10529260



# INNOVATIVE SCAFFOLD SERVICES LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY

*FOR THE YEAR ENDED 31 DECEMBER 2021*

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2020	1	54,045	54,046
Year ended 31 December 2020:			
Profit and total comprehensive income for the year	-	44,770	44,770
Balance at 31 December 2020	1	98,815	98,816
Year ended 31 December 2021:			
Profit and total comprehensive income for the year	-	59,392	59,392
Balance at 31 December 2021	1	158,207	158,208

# INNOVATIVE SCAFFOLD SERVICES LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2020	1	1,839,388	1,839,389
Year ended 31 December 2020:			
Loss and total comprehensive income for the year	-	(1,070,230)	(1,070,230)
Balance at 31 December 2020	1	769,158	769,159
Year ended 31 December 2021:			
Profit and total comprehensive income for the year	-	711,139	711,139
Balance at 31 December 2021	1	1,480,297	1,480,298

# INNOVATIVE SCAFFOLD SERVICES LIMITED

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Cash generated from/(absorbed by) operations	28				
		478,086		(1,195,014)	
Interest paid		(91,880)		(25,922)	
Income taxes refunded		151,684		170,471	
<b>Net cash inflow/(outflow) from operating activities</b>		537,890		(1,050,465)	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(270,175)		(571,410)	
Interest received		195		1,020	
<b>Net cash used in investing activities</b>		(269,980)		(570,390)	
<b>Financing activities</b>					
Proceeds from borrowings		500,000		-	
Proceeds from new bank loans		500,000		2,450,000	
Repayment of bank loans		(245,000)		-	
Payment of finance leases obligations		(32,369)		-	
<b>Net cash generated from financing activities</b>		722,631		2,450,000	
<b>Net increase in cash and cash equivalents</b>		990,541		829,145	
Cash and cash equivalents at beginning of year		1,116,766		287,621	
<b>Cash and cash equivalents at end of year</b>		2,107,307		1,116,766	

# INNOVATIVE SCAFFOLD SERVICES LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **1 Accounting policies**

#### **Company information**

Innovative Scaffold Services Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is International House Flint Road, Saltney Ferry, Chester, United Kingdom, CH4 0GZ.

The group consists of Innovative Scaffold Services Limited and all of its subsidiaries.

#### **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 £.

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

There was a change in accounting policy for the year ended 31 December 2021 regarding the recognition of expenditure transactions. Previously certain expenditure transactions were recognised as distribution costs within the profit and loss account, however, they are now recognised within administrative expenses, as the directors believe this provides a fairer reflection of their nature. The prior year distribution costs have also been reflected in the administrative expenses to provide true and fair comparative figures.

#### **1.2 Business combinations**

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

#### **1.3 Basis of consolidation**

The consolidated group financial statements consist of the financial statements of the parent company Innovative Scaffold Services Limited together with all entities controlled by the parent company (its subsidiaries).

All financial statements are made up to 31 December 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

# INNOVATIVE SCAFFOLD SERVICES LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

#### 1.4 Going concern

The group has reported a profit after tax of £811,817 (2020: £1,070,230 loss). As referred to in the Strategic Report, management and the directors have been able to obtain Government funding support both in the short-term from CJRS and for the longer-term under CBILS. The directors have reviewed group forecasts prepared by management which incorporate the potential ongoing impact of the Covid pandemic and are confident that the group will be able to continue to meet its liabilities as they fall due. On this basis the directors have prepared the financial statements on a going concern basis.

The company has net current liabilities of £187,131 (2020: £246,523) at the balance sheet date. Included in creditors due within one year are amounts owed to related parties totalling £305,139 (2020: £305,139) from whom written confirmation has been received which stipulates that these amounts owed will not be called until such time that the company has settled other third party liabilities.

#### 1.5 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

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

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 5 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

#### 1.7 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:

Freehold land and buildings	5% Straight Line
Plant and equipment	13% - 20% Straight Line
Motor vehicles	33% Straight Line

# INNOVATIVE SCAFFOLD SERVICES LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

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 recognised in the profit and loss account.

#### 1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible 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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

#### 1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# INNOVATIVE SCAFFOLD SERVICES LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### 1.11 Financial instruments

The group 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 group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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.

##### **Basic financial assets**

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

##### **Other financial assets**

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

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

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

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

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

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

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group 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 group after deducting all of its liabilities.

# INNOVATIVE SCAFFOLD SERVICES LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

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

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

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

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

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

### 1.12 Equity instruments

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

### 1.13 Taxation

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

#### **Current tax**

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

#### **Deferred tax**

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

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



# INNOVATIVE SCAFFOLD SERVICES LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### 1.14 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.

#### 1.15 Retirement benefits

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

#### 1.16 Leases

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

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss 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 leased asset are consumed.

#### 1.17 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

#### 1.18 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 in the period are included in profit or loss.

### 2 Judgements and key sources of estimation uncertainty

In the application of the group'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.

# INNOVATIVE SCAFFOLD SERVICES LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 2 Judgements and key sources of estimation uncertainty

(Continued)

In preparing these financial statements, the directors have made the following judgements:-

- Amounts recoverable on contracts have been reviewed on a contract by contract basis. The contracts have been assessed using estimated selling prices and costs to complete the projects.
- Tangible assets have been assessed for impairment. The economic viability and expected future financial performance of the assets have been reviewed. Freehold property is valued annually by either professional valuers or the directors using a market value basis. This methodology involves a degree of judgement with the value only ultimately being reliably tested if it was to be placed in the market itself.

### 3 Turnover and other revenue

	2021 £	2020 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	17,633,580	12,621,059
	<u>          </u>	<u>          </u>
	2021 £	2020 £
<b>Other revenue</b>		
Interest income	195	1,020
Grants received	195,555	1,474,337
	<u>          </u>	<u>          </u>

### 4 Exceptional item

	2021 £	2020 £
<b>Expenditure</b>		
Redundancy costs	230,259	-
	<u>          </u>	<u>          </u>

Included within administrative expenses, are £230,259 of redundancy costs.

### 5 Operating profit/(loss)

	2021 £	2020 £
Operating profit/(loss) for the year is stated after charging/(crediting):		
Government grants	(195,555)	(1,474,337)
Depreciation of owned tangible fixed assets	272,060	351,894
(Profit)/loss on disposal of tangible fixed assets	-	33,655
Amortisation of intangible assets	(198,848)	(198,850)
Operating lease charges	493,344	322,510
	<u>          </u>	<u>          </u>

# INNOVATIVE SCAFFOLD SERVICES LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 6 Auditor's remuneration

	2021 £	2020 £
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	1,250	1,250
Audit of the financial statements of the company's subsidiaries	30,750	30,750
	<u>32,000</u>	<u>32,000</u>

### 7 Directors' remuneration

No directors received any remuneration in the year.

There were 3 directors in the company's pension scheme (2020:- 3)

Key management personnel remuneration amounted to £502,034 (2020: £480,583)

### 8 Employees

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

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Airports	92	76	-	-
Industrial	114	139	-	-
London	20	12	-	-
Support Services	13	15	-	-
Total	<u>239</u>	<u>242</u>	<u>-</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Wages and salaries	11,169,073	9,940,855	-	-
Social security costs	1,234,716	1,037,626	-	-
Pension costs	259,523	239,492	-	-
	<u>12,663,312</u>	<u>11,217,973</u>	<u>-</u>	<u>-</u>

# **INNOVATIVE SCAFFOLD SERVICES LIMITED**

## **NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

### **9 Interest receivable and similar income**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Interest income</b>		
Interest receivable from group companies	195	1,020
	<u>195</u>	<u>1,020</u>
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	195	1,020
	<u>195</u>	<u>1,020</u>

### **10 Interest payable and similar expenses**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	36,643	7
Other interest on financial liabilities	32,209	7,746
	<u>68,852</u>	<u>7,753</u>
<b>Other finance costs:</b>		
Other interest	23,028	18,169
	<u>23,028</u>	<u>18,169</u>
Total finance costs	<u>91,880</u>	<u>25,922</u>

### **11 Taxation**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	(74,798)	-
Adjustments in respect of prior periods	(151,684)	(760)
	<u>(226,482)</u>	<u>(760)</u>
Total current tax	<u>(226,482)</u>	<u>(760)</u>

# INNOVATIVE SCAFFOLD SERVICES LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 11 Taxation

(Continued)

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

	2021 £	2020 £
Profit/(loss) before taxation	484,657	(1,070,990)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	92,085	(203,488)
Tax effect of expenses that are not deductible in determining taxable profit	16,211	14,402
Tax effect of utilisation of tax losses not previously recognised	98,011	-
Change in unrecognised deferred tax assets	(81,187)	227,867
Adjustments in respect of prior years	(151,684)	(760)
Depreciation on assets not qualifying for tax allowances	-	(1,000)
Amortisation on assets not qualifying for tax allowances	(37,781)	(37,781)
Research and development tax credit	(74,798)	-
Research and development additional deduction	(55,398)	-
Capital allowances superdeduction	(12,812)	-
Taxation credit	(207,353)	(760)
Taxation credit in the financial statements	(226,482)	(760)
<b>Reconciliation - the current year tax charge does not reconcile to the above analysis. Please review figures in the database.</b>	19,129	-

The group has a potential deferred tax asset of £6,709,680 (2020: £4,197,359) in respect of unrelieved tax losses. No part of this has been recognised as there is insufficient certainty as to the future recoverability of the asset.

### 12 Intangible fixed assets

Group	Goodwill £
<b>Cost</b>	
At 1 January 2021 and 31 December 2021	(994,248)
<b>Amortisation and impairment</b>	
At 1 January 2021	(795,400)
Amortisation charged for the year	(198,848)
At 31 December 2021	(994,248)

# **INNOVATIVE SCAFFOLD SERVICES LIMITED**

## **NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

### **12 Intangible fixed assets (Continued)**

**Carrying amount**

At 31 December 2021	-
At 31 December 2020	(198,848)

The company had no intangible fixed assets at 31 December 2021 or 31 December 2020.

### **13 Tangible fixed assets**

Group	Freehold land and buildings £	Plant and equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 1 January 2021	650,000	1,524,353	-	2,174,353
Additions	-	452,813	25,500	478,313
At 31 December 2021	650,000	1,977,166	25,500	2,652,666
<b>Depreciation and impairment</b>				
At 1 January 2021	56,700	813,424	-	870,124
Depreciation charged in the year	18,900	248,910	4,250	272,060
At 31 December 2021	75,600	1,062,334	4,250	1,142,184
<b>Carrying amount</b>				
At 31 December 2021	574,400	914,832	21,250	1,510,482
At 31 December 2020	593,300	710,929	-	1,304,229

The company had no tangible fixed assets at 31 December 2021 or 31 December 2020.

The directors have assessed the fair value of the property as at 31 December 2021 by reference to a previously prepared professional valuation and their knowledge of the local property market.

# INNOVATIVE SCAFFOLD SERVICES LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 13 Tangible fixed assets

(Continued)

The following assets are carried at valuation. If the assets were measured using the cost model, the carrying amounts would be as follows:

	2021 £	2020 £
<b>Group</b>		
Cost	501,890	1,003,780
Accumulated depreciation	(381,401)	(712,612)
Carrying value	<u>120,489</u>	<u>291,168</u>

### 14 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Palmer's Scaffolding UK Limited	International House, Flint Road, Saltnet Ferry, Chester, CH4 0GZ	Supply of scaffolding services	Ordinary	100.00
Palmer's Scaffolding (North West) Limited	As above	Supply of scaffolding services	Ordinary	100.00
Palmer's Scaffolding ((North East) Limited	As above	Dormant company	Ordinary	100.00
Palmer's Scaffolding (Railtrack Division) Limited	As above	Dormant company	Ordinary	100.00

# INNOVATIVE SCAFFOLD SERVICES LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 15 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Investments in subsidiaries	14	-	-	345,339	345,339

#### Movements in fixed asset investments Company

Shares in  
subsidiaries  
£

#### Cost or valuation

At 1 January 2021 and 31 December 2021

345,339

#### Carrying amount

At 31 December 2021

345,339

At 31 December 2020

345,339

### 16 Financial instruments

	Group 2021 £	2020 £	Company 2021 £	2020 £
<b>Carrying amount of financial assets</b>				
Instruments measured at fair value through profit or loss	5,472,494	5,574,149	-	-
<b>Carrying amount of financial liabilities</b>				
Measured at fair value through profit or loss				
- Other financial liabilities	5,503,670	5,854,654	-	-

### 17 Debtors

	Group 2021 £	2020 £	Company 2021 £	2020 £
<b>Amounts falling due within one year:</b>				
Trade debtors	2,696,216	3,757,271	-	-
Amounts recoverable on contracts	700,147	608,775	-	-
Corporation tax recoverable	74,798	-	-	-
Amounts owed by group undertakings	-	-	30,000	-
Other debtors	600,321	91,641	60,015	60,015
Prepayments and accrued income	95,716	820,695	-	-
	4,167,198	5,278,382	90,015	60,015



# **INNOVATIVE SCAFFOLD SERVICES LIMITED**

## **NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

### **18 Creditors: amounts falling due within one year**

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans	21	635,833	203,200	-	-
Obligations under finance leases	20	114,968	-	-	-
Trade creditors		658,708	1,393,797	-	-
Amounts owed to group undertakings		-	-	300	30,300
Other taxation and social security		351,287	876,564	-	-
Other creditors		450,263	305,349	305,139	305,139
Accruals and deferred income		1,411,727	1,705,660	2,100	2,100
		<u>3,622,786</u>	<u>4,484,570</u>	<u>307,539</u>	<u>337,539</u>

Mr CC Butt holds a fixed and floating charges over the company's assets and the property and assets of Palmers Scaffolding UK Limited.

### **19 Creditors: amounts falling due after more than one year**

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans and overdrafts	21	2,069,167	2,246,800	-	-
Obligations under finance leases	20	60,801	-	-	-
Other borrowings	21	500,000	-	-	-
Accruals and deferred income		51,935	-	-	-
		<u>2,681,903</u>	<u>2,246,800</u>	<u>-</u>	<u>-</u>

Amounts included above which fall due after five years are as follows:

Payable by instalments	245,000	735,000	-	-
	<u>245,000</u>	<u>735,000</u>	<u>-</u>	<u>-</u>

### **20 Finance lease obligations**

	Group 2021 £	2020 £	Company 2021 £	2020 £
Future minimum lease payments due under finance leases:				
Within one year	114,968	-	-	-
In two to five years	60,801	-	-	-
	<u>175,769</u>	<u>-</u>	<u>-</u>	<u>-</u>

# INNOVATIVE SCAFFOLD SERVICES LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 20 Finance lease obligations

(Continued)

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

### 21 Loans and overdrafts

	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans	2,705,000	2,450,000	-	-
Loans from related parties	500,000	-	-	-
	<u>3,205,000</u>	<u>2,450,000</u>	<u>-</u>	<u>-</u>
Payable within one year	635,833	203,200	-	-
Payable after one year	2,569,167	2,246,800	-	-
	<u><u>3,205,000</u></u>	<u><u>2,450,000</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

The long-term loans are secured by a first legal charge over the freehold property.

The bank loan is repayable over 72 months, interest and capital repayment free for the first 12 months and then interest charged at 3% pa over base rate.

### 22 Retirement benefit schemes

	2021 £	2020 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	259,523	239,492
	<u>259,523</u>	<u>239,492</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

### 23 Share capital

Group and company	2021 Number	2020 Number	2021 £	2020 £
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
Ordinary shares of £1 each	1	1	1	1
	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

### 24 Reserves

#### Profit and loss reserves

The profit and loss account represents cumulative losses arising from trading.

# INNOVATIVE SCAFFOLD SERVICES LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 25 Operating lease commitments

#### Lessee

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

	Group 2021 £	2020 £	Company 2021 £	2020 £
Within one year	435,642	930,842	-	-
Between two and five years	733,866	1,951,724	-	-
	<u>1,169,508</u>	<u>2,882,566</u>	<u>-</u>	<u>-</u>

### 26 Related party transactions

The group and company has taken advantage of the exemption under FRS102 not to disclose transactions or balances with other group companies.

The group has the following balances and transactions with companies related by common directors:-

- Balances due from related companies totalled £231,083, as at 31 December 2021 (2020: £389,709).
- Balances due to related parties totalled £34,691 as at 31 December 2021 (2020: £26,627).
- Sales totalling £nil were made during the year ended 31 December 2021 (2020: £84,082).
- Purchases totalling £21,842 were made during the year ended 31 December 2021 (2020: £36,109).
- Rental charges totalling £91,232 (2020: £81,440) were paid during the year.

The company and group owed Mr CC Butt £305,139 (2020: £305,139) at the balance sheet date.

### 27 Controlling party

The ultimate controlling party of the group is Mr CC Butt by way of his shareholding.

# INNOVATIVE SCAFFOLD SERVICES LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 28 Cash generated from/(absorbed by) group operations

	2021 £	2020 £
Profit/(loss) for the year after tax	711,139	(1,070,230)
<b>Adjustments for:</b>		
Taxation credited	(226,482)	(760)
Finance costs	91,880	25,922
Investment income	(195)	(1,020)
Amortisation and impairment of intangible assets	(198,848)	(198,850)
Depreciation and impairment of tangible fixed assets	272,060	351,894
<b>Movements in working capital:</b>		
Decrease/(increase) in debtors	1,185,982	(372,812)
(Decrease)/increase in creditors	(1,357,450)	70,842
<b>Cash generated from/(absorbed by) operations</b>	<b>478,086</b>	<b>(1,195,014)</b>

### 29 Analysis of changes in net debt - group

	1 January 2021 £	Cash flows £	New finance leases £	31 December 2021 £
Cash at bank and in hand	1,116,766	990,541	-	2,107,307
Borrowings excluding overdrafts	(2,450,000)	(755,000)	-	(3,205,000)
Obligations under finance leases	-	32,369	(208,138)	(175,769)
	<u>(1,333,234)</u>	<u>267,910</u>	<u>(208,138)</u>	<u>(1,273,462)</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.