Cardinal Project Management Limited

Registered number: 03497817

Annual report and financial statements

For the period ended 30 June 2020

COMPANY INFORMATION

Directors	B Considine T B Considine
Company secretary	M Simpson
Registered number	03497817
Registered office	Fernhill House Battye Street Laisterdyke Bradford West Yorkshire BD4 8AG
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor 5th Floor 3 Wellington Place Leeds LS1 4AP
Bankers	HSBC Bank plc 47 Market Street Bradford West Yorkshire BD1 1LW
Solicitors	Clarion Solicitors Elizabeth House 13-19 Queen Street Leeds LS1 2TW

CARDINAL PROJECT MANAGEMENT LIMITED

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CARDINAL PROJECT MANAGEMENT LIMITED

STRATEGIC REPORT
FOR THE PERIOD ENDED 30 JUNE 2020

Introduction

The directors present their strategic report for Cardinal Project Management Limited (the Company) for the 18 month period ended 30 June 2020.

Business review

The Company continued its principal activities of retail fixture installations and providing project management services to the retail and construction industries.

Key performance indicators

Management use a range of performance measures to monitor and manage the business. The performance measures are as set out below:

	18 months to 30 June 2020	Year ended 31 December 2018
Gross Profit %	11.9%	9.7%
Current ratio	1.6	1.6
Debtor Days	33	29
Total Assets / Total Liabilities	1.7	1.7

Development and financial performance during the year

2019 was an extremely difficult year for the Company and also the wider group. The steady decline in high street retail witnessed over the last three years gathered pace and resulted in extreme competitive pressure in our core retail customer base. This pressure resulted in pricing and service levels within our markets that we deemed unsustainable and were a result of competitor desperation rather than sound business logic. We took the view to downsize operations significantly rather than chase an unsustainable pricing model and this resulted in a significant fall in turnover from £2.1m per month in 2018 to £0.9m per month for the 18 month period referenced in these accounts. Our approach was vindicated by the failure of two of our major competitors to whom we had foregone this market share, during the second half of 2019.

Moving into 2020 the impact of Covid-19 on non-essential retail resulted in the full closure of UK (and European) high streets for extended periods of time, effectively resulting in a shutdown of the primary markets we operate in. Consequently, we are reporting a loss before tax of £1,548k for the 18 month period to 30 June 2020. This contains £647k of exceptional costs being £530k of inter company loan write offs following the closure of a fellow group company (Cardinal Shopfitting + Systems Limited) during 2020 and £117k of redundancy costs.

Financial position at the reporting date

In order to reflect on internal changes made within the business and also the long term structural changes to non-essential retail as a result of Covid-19, the directors made the decision to extend the reporting period from 31 December 2019 to 30 June 2020.

We are pleased to report that despite all the disruption of 2019 and 2020 the Company can still report a healthy balance sheet as at 30 June 2020 and a strong cash balance of £788k. We achieved this despite taking unavoidable short term hits to profitability from our restructuring initiatives both within the Company and the wider group. Our liquidity ratios improved over this reporting period and we maintained our debtor days at 33.

Principal risks and uncertainties

Management continually monitor the key risks facing the Company together with assessing the controls used for managing these risks. The board of directors formally review the principal risks facing the business on a monthly basis.
The principal risks and uncertainties facing the group are as follows:

- The future of high street retail following the permanent structural changes brought about by Covid-19 and the shift in spending habits to online. The Company is managing this risk by continuing to service clients with successful “bricks and mortar” sales channels whilst continuing to diversify into general commercial fit out activities within healthcare and office interiors.
- Brexit and our ability to service customers in Europe. The Company is managing this risk by reviewing our supply chain in Europe and utilising tax agents to remain compliant whilst operating in Europe.
- Brexit and our ability to flex labour requirements to suit demand. The cyclical nature of shopfitting requires a high degree of flex on labour resource. The Company deals with this by offering competitive pay, developing internal skills through apprenticeships and ongoing training and development and by having strategic relationships with specific labour agencies.
- Ongoing impact of Covid-19. The Company has used financial support provided by the government (primarily the Coronavirus Job Retention Scheme) and the directors consider that the company is well placed to weather any further short term disruptions that may occur.

This report was approved by the board and signed on its behalf.

T B Considine
Director

Date: 12 May 2021

DIRECTORS' REPORT
FOR THE PERIOD ENDED 30 JUNE 2020

The directors present their report and the financial statements for the period ended 30 June 2020.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 to 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.

Results and dividends

The loss for the period, after taxation, amounted to £1,505,629 (2018 - loss £188,280).

Directors

The directors who served during the period were:

B Considine
T B Considine

Future developments

Looking to the future the directors are very confident in the Company's ability to trade profitably. The restructuring across the group has created a more agile and responsive business, stripped out loss making operations and reduced complexity in our commercial and administrative processes. Personal shopping trends have changed forever following Covid-19 but the Company maintains strong relationships with key (and still successful) high street retailers where profitable ongoing revenue streams can be achieved. These build upon our historical strength as a trusted supplier of shop-fitting equipment and turnkey services from concept design through manufacture and procurement to consolidation, logistics and installation.
The Company also continues to make steady progress in diversifying into new sectors beyond UK high street retail, with an order book moving forward that now generates 60% of revenues from other activities. These activities being general commercial fit out works within the healthcare and office interiors sectors alongside sub-contracted manufacturing operations utilising our core skillsets in joinery.

DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 30 JUNE 2020

Financial instruments

Liquidity risk:

Company liquidity is generated from existing cash resources. Working capital requirements for the business typically peak during Q4 as the retailers get ready for Christmas trading although this peak is becoming less relevant as we diversify our activities. Cash is monitored closely to ensure all short to medium term requirements can be met.

Foreign currency risk:

As a consequence of the Company's trading patterns surpluses of Dollars and Euros are generated. Company policy permits, but does not demand, that these exposures may be hedged in order to fix the cost in sterling.

Credit risk:

All customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Research and development activities

The Company is heavily engaged with a trusted partner to develop an "off site manufacturing" solution to the problem of affordable housing in the UK. These costs are considered part of day to day operating expenses and are not separately costed and capitalised on the balance sheet.

Engagement with employees

The company's policy is to consult and discuss with employees at meetings matters likely to affect employees' interests.

Disabled employees

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, where possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Qualifying third party indemnity provisions

The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for directors and officers of the Company is respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or ommitted, or alleged to have been done or omitted, by them as officers or employees of the Company.

Appropriate director's and officer's liability insurance cover is in place in respect of all the Company's directors.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 30 JUNE 2020

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

T B Considine
Director

Date: 12 May 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARDINAL PROJECT MANAGEMENT LIMITED

Opinion

We have audited the financial statements of Cardinal Project Management Limited (the 'Company') for the period ended 30 June 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including 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 June 2020 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration 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 set out on page 3, 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 intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of the audit 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.

David Smithson (Senior statutory auditor)

for and on behalf of

Mazars LLP
Chartered Accountants and Statutory Auditor
5th Floor
3 Wellington Place
Leeds
LS1 4AP

14 May 2021

CARDINAL PROJECT MANAGEMENT LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2020

	Note	18 months ended 30 June 2020 £	12 months ended 31 December 2018 £
Turnover	4	16,093,374	25,064,157
Cost of sales		(14,177,986)	(22,644,577)
Gross profit		1,915,388	2,419,580
Administrative expenses		(2,922,909)	(2,714,065)
Exceptional administrative expenses	13	(647,382)	-
Other operating income	5	102,458	-
Operating loss	6	(1,552,445)	(294,485)
Interest receivable and similar income	10	4,602	638
Loss before tax		(1,547,843)	(293,847)
Tax on loss	11	42,214	105,567
Loss for the financial period		(1,505,629)	(188,280)

There were no recognised gains and losses for 2020 or 2018 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2020 (2018:£NIL).

The notes on pages 12 to 29 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note		30 June 2020 £		31 December 2018 £
Fixed assets					
Tangible assets	**14**		45,424		47,103
Investments	**15**		87,562		87,562
			132,986		134,665
Current assets					
Stocks	**16**	29,620		57,960	
Debtors: amounts falling due within one year	**17**	2,331,188		5,433,073	
Cash at bank and in hand	**18**	788,335		1,358,095	
		3,149,143		6,849,128	
Creditors: amounts falling due within one year	**19**	(1,978,777)		(4,174,812)	
Net current assets			1,170,366		2,674,316
Total assets less current liabilities			1,303,352		2,808,981
Net assets			1,303,352		2,808,981
Capital and reserves					
Called up share capital	**21**		10,000		10,000
Profit and loss account	**22**		1,293,352		2,798,981
			1,303,352		2,808,981

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12 May 2021.

T B Considine
Director

The notes on pages 12 to 29 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2020

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2019	10,000	2,798,981	2,808,981
Comprehensive income for the period			
Loss for the period	-	(1,505,629)	(1,505,629)
At 30 June 2020	10,000	1,293,352	1,303,352

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2018	10,000	3,887,261	3,897,261
Comprehensive income for the year			
Loss for the year	-	(188,280)	(188,280)
Distributions to owners			
Dividends: Equity capital	-	(900,000)	(900,000)
At 31 December 2018	10,000	2,798,981	2,808,981

The notes on pages 12 to 29 form part of these financial statements.

1. General information

Cardinal Project Management Limited ("company") is a private limited company limited by share capital incorporated in England and Wales.
The principal activity is installation of shopfittings and displays and provision of construction services.
The address of its registered office is as follows: Fernhill House, Battye Street, Bradford, West Yorkshire, BD4 8AG.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.
The Company has adopted the triennial review of FRS 102 applicable for periods commencing on, or after, 1 January 2019. The policies applied under the entity's previous accounting framework are not materially different to the triennial review of FRS 102 and have not impacted on equity or profit or loss.
The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).
The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Cardinal Limited as at 30 June 2020 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

CARDINAL PROJECT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2020

2. Accounting policies (continued)

2.3 Going concern

The financial statements have been prepared on a going concern basis.
The company's business activities, together with the factors likely to affect its future development and position are set out in the Directors Report. The Company has reported a significant loss for the 18 months ended 30 June 2020 as a result of wider Group restructuring and a right-sizing of operations, in response to the expected long term impact of Covid-19 on the Company's traditional markets.
The directors are confident that the appropriate actions have now been taken and the Company has adequate resources to continue in operation for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statement.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:
- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2. Accounting policies (continued)

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a straight line basis and reducing balance basis, as appropriate.

Depreciation is provided on the following basis:

Motor vehicles	-	25-33% straight line
Fixtures & fittings	-	33% straight line
Computer equipment	-	33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost includes all direct costs and an appropriate proportion of fixed and variables overheads. Work in progress and finished goods include labour and attributable overheads.
At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of comprehensive income.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2. Accounting policies (continued)

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.10 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2. Accounting policies (continued)

2.12 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.
Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.13 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.15 Long-term contracts

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

2. Accounting policies (continued)

2.16 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.17 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

2.18 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.19 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In applying the Company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectively involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The directors believe that the critical accounting policies where judgements or estimates are necessarily applied relate to debtor provisions, stock provisions and the useful economic lives of property, plant and equipment.

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, if the revision affects only that period, or in the period of the revision and future periods, if revision affects both current and future periods.

Long Term Contracts

The Company determines the stage of completion of contracts in progress and the revenue and profit or loss attributable to the financial year based on historic financial information available and also forecast information regarding expectations about future performance to completion of the contracts and therefore requires estimates and assumptions to be used by management.

Bad Debt Provision

The Company establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability the directors have considered factors such as the aging of the receivables, past experience of recoverability, and the credit profile of individual or groups of customers.

Depreciation

The Company depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technoligical innovation, product life cycles and maintenance programs.

Judgement is applied by management when determining the residual values for plant, machinery and equipment. When determining the residual value management aim to assess the amount that the Company would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life. Where possible this is done with reference to external market prices.

4. Turnover

Analysis of turnover by country of destination:

	18 months ended 30 June 2020 £	12 months ended 31 December 2018 £
United Kingdom	14,230,558	23,811,590
Rest of Europe	1,542,193	1,252,567
Rest of the world	320,623	-
	16,093,374	25,064,157

5. Other operating income

	18 months ended 30 June 2020 £	12 months ended 31 December 2018 £
Government grants receivable	102,458	-
	102,458	-

6. Operating loss

The operating loss is stated after charging:

	18 months ended 30 June 2020 £	12 months ended 31 December 2018 £
Depreciation of tangible fixed assets	60,158	84,630
Exchange differences	10,771	14,332
Defined contribution pension cost	52,320	79,319

7. Auditor's remuneration

	18 months ended 30 June 2020 £	12 months ended 31 December 2018 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	22,250	15,975

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

8. Employees

Staff costs, including directors' remuneration, were as follows:

	18 months ended 30 June 2020 £	12 months ended 31 December 2018 £
Wages and salaries	1,697,345	1,567,624
Social security costs	197,684	169,901
Cost of defined contribution scheme	52,320	79,319
	1,947,349	1,816,844

The average monthly number of employees, including the directors, during the period was as follows:

	18 months ended 30 June 2020 No.	12 months ended 31 December 2018 No.
Administration and management	31	45

9. Directors' remuneration

	18 months ended 30 June 2020 £	12 months ended 31 December 2018 £
Directors' emoluments	-	102,594
Company contributions to defined contribution pension schemes	-	20,533
	-	123,127

During the period retirement benefits were accruing to no directors (2018 - 1) in respect of defined contribution pension schemes.

10. Interest receivable

	18 months ended 30 June 2020 £	12 months ended 31 December 2018 £
Other interest receivable	4,602	638

11. Taxation

	18 months ended 30 June 2020 £	12 months ended 31 December 2018 £
Corporation tax		
Current tax on profits for the year	-	(96,433)
Adjustments in respect of previous periods	131,456	(9,134)
Total current tax	131,456	(105,567)
Deferred tax		
Origination and reversal of timing differences	(143,302)	-
Adjustments in respect of prior periods	(24,792)	-
Effect of tax rates change on opening balances	(5,576)	-
Total deferred tax	(173,670)	-
Taxation on loss on ordinary activities	(42,214)	(105,567)

11. Taxation (continued)

Factors affecting tax charge for the period/year

The tax assessed for the period/year is higher than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	18 months ended 30 June 2020 £	12 months ended 31 December 2018 £
Profit on ordinary activities before tax	(1,547,843)	(293,847)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(294,090)	(55,831)
Effects of:		
Expenses not deductible for tax purposes	101,188	101
Adjustments to tax charge in respect of prior periods	106,664	(9,134)
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	-	(96,433)
Group relief surrendered	69,529	35,351
Unrelieved tax losses carried forward	-	15,592
Deferred tax not recognised	(17,996)	-
Other differences leading to a (decrease)/ increase in the tax charge	(7,509)	4,787
Total tax charge for the period	(42,214)	(105,567)

Factors that may affect future tax charges

The UK Budget 2020 announced that the corporation tax rate was to be held at 19% rather than reduced to 17% with effect from 1 April 2020 as previously enacted. This provision was substantially enacted on 17 March 2020, during the accounting period. As a result, deferred tax is provided for at 19%.

Unutilised tax losses of £904,230 (2018: £203,084) have been carried forward to future periods.

12. Dividends

	18 months ended 30 June 2020 £	12 months ended 31 December 2018 £
Ordinary dividends	-	900,000

13. Exceptional items

	2020 £	2018 £
Intercompany bad debt provision	530,000	-
Redundancy costs	117,382	-
	647,382	-

Cardinal Shopfitting + Systems Limited, a fellow subsidiary of Cardinal Limited, were placed into administration on 13 July 2020 and therefore amounts receivable from this company, as at 30 June 2020, have been provided for in full.

14. Tangible fixed assets

	Motor vehicles	Fixtures & fittings	Total
	£	£	£
Cost or valuation			
At 1 January 2019	332,898	20,968	353,866
Additions	48,942	16,536	65,478
Disposals	(174,908)	-	(174,908)
At 30 June 2020	206,932	37,504	244,436
Depreciation			
At 1 January 2019	289,696	17,067	306,763
Charge for the period on owned assets	49,371	10,787	60,158
Disposals	(167,909)	-	(167,909)
At 30 June 2020	171,158	27,854	199,012
Net book value			
At 30 June 2020	35,774	9,650	45,424
At 31 December 2018	43,202	3,901	47,103

15. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2019	87,562
At 30 June 2020	87,562

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Cardinal Shopfitting (Shanghai) Co. Limited	Room 2008, Yuanda Building, No.360 Changshou Road, Shanghai 200060	Ordinary	100%

16. Stocks

	30 June 2020 £	31 December 2018 £
Work in progress	29,620	57,960

17. Debtors

	30 June 2020 £	31 December 2018 £
Trade debtors	1,166,307	1,998,490
Amounts owed by group undertakings	-	74,919
Amounts owed by related parties	28,670	-
Other debtors	31,060	326,453
Prepayments and accrued income	27,204	38,481
Amounts recoverable on long term contracts	881,677	2,972,130
Deferred taxation	196,270	22,600
	2,331,188	5,433,073

18. Cash and cash equivalents

	30 June 2020 £	31 December 2018 £
Cash at bank and in hand	788,335	1,358,095

19. Creditors: Amounts falling due within one year

	30 June 2020 £	31 December 2018 £
Payments received on account	173,460	141,695
Trade creditors	947,718	3,075,119
Amounts owed to group undertakings	190,548	553,441
Corporation tax	150,000	-
Other taxation and social security	299,331	42,939
Other creditors	10,236	5,382
Accruals and deferred income	207,484	356,236
	1,978,777	4,174,812

20. Deferred taxation

	2020 £
At beginning of year	22,600
Charged to profit or loss	173,670
At end of year	196,270

The deferred tax asset is made up as follows:

	30 June 2020 £	31 December 2018 £
Accelerated capital allowances	24,466	22,600
Tax losses carried forward	171,804	-

21. Share capital

	30 June 2020 £	31 December 2018 £
Allotted, called up and fully paid		
10,000 (2018 - 10,000) Ordinary shares of £1.00 each	10,000	10,000

All Ordinary shares have full voting rights and are entitled to receive dividends and distributions under all circumstances.

22. Reserves

Profit & loss account

This reserve represents cumulative profits and losses, less dividends paid.

23. Contingent liabilities

The company is part of a multilateral guarantee of bank borrowings with its fellow subisidiaries and parent company. At the year end the liabilities covered by this guarantee totalled £333,333 (2018: £933,333).

24. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £52,320 (2018: £79,319).
Contributions totalling £4,290 (2018: £5,382) were payable to the fund at the balance sheet date and are included in creditors.

25. Related party transactions

The company has taken advantage of the exemption in Section 33 of FRS 102 ''The Financial Reporting Standard applicable in the UK and Republic of Ireland'' to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the company.
During the period the Company entered inot trnasactions with entities under common control. The Company made sales to such entites of £13,836 (2018: £20,465) and made purchases of £2,830,918 (2018: £4,108,523). As at 30 June 2020, amounts owed to the Company from entities under common control amounted to £28,670 (2018: £28,670) and amounts owed by the Company to such entities was £209,784 (2018: £356,148).

26. Post balance sheet events

There have been no significant events affecting the Company since the year end.

27. Ultimate parent undertaking and controlling party

The company's ultimate controlling party is Cardinal Limited, a company registered in England and Wales, whose registered office is Fernhill House, Battye Street, Laisterdyke, Bradford, West Yorkshire, BD4 8AG and who prepares group accounts in which the company is included.
The directors consider the company to be controlled by Mr B Considine, director and shareholder.
Cardinal Limited prepares consolidated accounts in which the company is included.