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**Interface Contracts Limited**

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**Annual Report and Financial Statements**

**For the year ended 31 March 2019**

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## Interface Contracts Limited

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### Company Information

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<b>Directors</b>	B Benson (appointed 21 June 2018) M Broderick (appointed 11 September 2018) P Mullender  G Stuffins (appointed 21 June 2018) D Taylor A Webb (appointed 21 June 2018)
<b>Company secretary</b>	A Webb
<b>Registered number</b>	02699908
<b>Registered office</b>	78 Ashley Road Hale Altrincham Greater Manchester WA14 2UF
<b>Trading Address</b>	Argent House Shaw Road Oldham Greater Manchester OL1 4AW
<b>Independent auditors</b>	Hurst Accountants Limited Chartered Accountants & Statutory Auditors Lancashire Gate 21 Tiviot Dale Stockport Cheshire SK1 1TD

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**Interface Contracts Limited**

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## Interface Contracts Limited

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### Strategic Report For the year ended 31 March 2019

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#### Introduction

The directors present the strategic report for the year ended 31 March 2019.

#### Business review

The company's results for the year ended 31 March 2019 are shown in the statement of comprehensive income on page 8.

In June 2018, the company was acquired by Bowdon Interface Holdings Limited, a 100% subsidiary of Bowdon Group, an engineering services group based in the North West. Following this acquisition, the founder owners and directors have remained with the business to support the new owners in growing and developing the business.

The activities of the business have remained predominantly focussed on the water and waste-to-energy sectors during the year, but the company is actively targeting electrical installation projects in other industrial markets.

The company has experienced testing market conditions, principally due to the investment programs of the major utilities companies linked to the Asset Management Plan (AMP) cycle of the water industry. In addition, the company has experienced uncertainty over Brexit and the impact this will have on the UK economy as a whole. This manifested itself in reductions in new projects during the year. As a result, turnover fell by £9.2m to £10.6m (2018: £19.8m), a decrease of 46%.

Despite the reduction in overall turnover levels, the company has continued to focus on improving operational efficiency resulting in after tax profit margins improving from 3.9% to 4.6%. This resulted in profit after tax for the year of £487,767 (2018: £763,778) a decrease of 36%.

#### Principal risks and uncertainties

The risks and uncertainties of the company are considered to be as follows:

##### Market & economic risk

These two factors provide the primary risks to the company, as they have a significant impact on the construction, utilities and infrastructure sectors, which the company is exposed to. As mitigation, Interface Contracts Limited continues to run its businesses professionally and seeks to broaden the client base to build a robust business.

##### Financial risk

Interest rate risk - The company is exposed to interest rate risk on its variable rate borrowings. This is managed by entering into fixed rate borrowings where possible.

Credit risk - The company monitors credit risk closely and considers that its current policies of credit checks and credit insurance meet its objectives of managing exposure to credit risk. All customers who wish to trade on credit terms are subject to credit verification procedures. Debtors are reviewed on a weekly basis and regular reviews are undertaken to ensure customers have appropriate insured credit limits. Provision is made for doubtful debts when necessary.

Liquidity risk - The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Foreign currency risk - The company's principal foreign currency exposure arises from trading with overseas companies, although this is minimal. The company policy permits but does not demand that these exposures are hedged in order to fix the costs in sterling.



**Strategic Report (continued)**  
**For the year ended 31 March 2019**

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**Future developments**

The board continues to evaluate the strategy and operations of the business and, during the twelve months to 31 March 2019, has invested significant time and effort in business development activity and reviewing the risks associated with its activities. This is to ensure that the profitability of the continuing activities is maximised in the future.

As part of this continuous review and improvement, the owners have appointed a new Managing Director, who has over 25 years experience in developing industrial projects, and has been charged with delivering the controlled growth of the company and expansion into broader industrial markets in the coming years.

**Financial key performance indicators**

Management uses a range of performance measures to monitor and manage the business. These are primarily financial measures:

- Turnover
- Gross profit
- Gross margin
- Overheads
- Net margin
- Mix of contract turnover and margin by customer sector
- Headcount and Staff retention

The financial key performance indicators can be derived from the financial statements.

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

**B Benson**  
Director

Date: 16 December 2019

**Directors' Report**  
**For the year ended 31 March 2019**

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The directors present their report and the financial statements for the year ended 31 March 2019.

**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.

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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;
- 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 profit for the year, after taxation, amounted to £487,767 (2018 - £763,778).

Dividends paid during the year amounted to £64,927 (2019 - £151,219).

The directors do not recommend the payment of a final dividend.

**Directors**

The directors who served during the year were:

B Benson (appointed 21 June 2018)  
M Broderick (appointed 11 September 2018)  
P Mullender  
G Stuffsins (appointed 21 June 2018)  
D Taylor  
A Webb (appointed 21 June 2018)  
D Allan (resigned 21 June 2018)  
C Attrill (resigned 21 June 2018)

**Future developments**

An indication of the likely future developments of the company's business is included in the strategic report.

**Disclosure of information to auditors**

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 auditors are 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 auditors are aware of that information.

#### **Post balance sheet events**

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

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#### **Auditors**

The auditors, Hurst Accountants Limited, were appointed in the year and 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.

**B Benson**

Director

Date: 16 December 2019

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## **Interface Contracts Limited**

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### **Independent Auditors' Report to the Shareholders of Interface Contracts Limited**

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#### **Opinion**

We have audited the financial statements of Interface Contracts Limited (the 'company') for the year ended 31 March 2019, which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 United Kingdom, including the Financial Reporting Council'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 auditors' 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.

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**Interface Contracts Limited**

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**Independent Auditors' Report to the Shareholders of Interface Contracts Limited (continued)**

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We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

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

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement 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 either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditors' 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 auditors' 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

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**Interface Contracts Limited**

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**Independent Auditors' Report to the Shareholders of Interface Contracts Limited (continued)**

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**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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.

Helen Besant-Roberts (senior statutory auditor)

for and on behalf of

**Hurst Accountants Limited**

Chartered Accountants

Statutory Auditors

Lancashire Gate

21 Tiviot Dale

Stockport

Cheshire

SK1 1TD

19 December 2019

**Statement of Comprehensive Income**  
**For the year ended 31 March 2019**

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	Note	2019 £	2018 £
Turnover	4	10,595,697	19,792,830
Cost of sales		<b>(8,572,693)</b>	<i>(17,082,739)</i>
<b>Gross profit</b>		<b>2,023,004</b>	<i>2,710,091</i>
Administrative expenses		<b>(1,605,638)</b>	<i>(1,943,850)</i>
Exceptional item	5	-	105,003
Other operating income	6	<b>72,053</b>	<i>88,354</i>
<b>Operating profit</b>	7	<b>489,419</b>	<i>959,598</i>
Interest receivable and similar income	11	<b>5,910</b>	<i>94</i>
Interest payable and expenses	12	-	<i>(147)</i>
<b>Profit before tax</b>		<b>495,329</b>	<i>959,545</i>
Tax on profit	13	<b>(7,562)</b>	<i>(195,767)</i>
<b>Profit for the financial year</b>		<b>487,767</b>	<i>763,778</i>

There was no other comprehensive income for 2019 (2018:£NIL).

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

	<b>Note</b>	<b>2019 £</b>	<b>2018 £</b>
<b>Fixed assets</b>			
Tangible assets	15	<b>23,706</b>	<i>44,256</i>
<b>Current assets</b>			
Stocks	16	<b>129,836</b>	<i>237,236</i>
Debtors: amounts falling due within one year	17	<b>4,313,945</b>	<i>2,868,181</i>
Cash at bank and in hand	18	<b>567,227</b>	<i>1,653,519</i>
		<b>5,011,008</b>	<i>4,758,936</i>
Creditors: amounts falling due within one year	19	<b>(2,095,759)</b>	<i>(2,268,795)</i>
<b>Net current assets</b>		<b>2,915,249</b>	<i>2,490,143</i>
<b>Total assets less current liabilities</b>		<b>2,938,955</b>	<i>2,534,399</i>
<b>Provisions for liabilities</b>			
Deferred tax	21	<b>(2,862)</b>	<i>(21,146)</i>
<b>Net assets</b>		<b>2,936,093</b>	<i>2,513,253</i>
<b>Capital and reserves</b>			
Called up share capital	22	<b>10,000</b>	<i>10,000</i>
Share premium account	23	<b>99,999</b>	<i>99,999</i>
Profit and loss account	23	<b>2,826,094</b>	<i>2,403,254</i>
		<b>2,936,093</b>	<i>2,513,253</i>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

**B Benson**

Director

Date: 16 December 2019

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

Interface Contracts Limited

Statement of Changes in Equity  
For the year ended 31 March 2019

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 April 2018	10,000	99,999	2,403,254	2,513,253
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	487,767	487,767
<b>Total comprehensive income for the year</b>	-	-	487,767	487,767
<b>Contributions by and distributions to owners</b>				
Dividends: Equity capital	-	-	(64,927)	(64,927)
<b>Total transactions with owners</b>	-	-	(64,927)	(64,927)
<b>At 31 March 2019</b>	<b>10,000</b>	<b>99,999</b>	<b>2,826,094</b>	<b>2,936,093</b>

Statement of Changes in Equity  
For the year ended 31 March 2018

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 April 2017	10,000	99,999	1,790,695	1,900,694
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	763,778	763,778
<b>Total comprehensive income for the year</b>	-	-	763,778	763,778
<b>Contributions by and distributions to owners</b>				
Dividends: Equity capital	-	-	(151,219)	(151,219)
<b>Total transactions with owners</b>	-	-	(151,219)	(151,219)
<b>At 31 March 2018</b>	<b>10,000</b>	<b>99,999</b>	<b>2,403,254</b>	<b>2,513,253</b>



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**Interface Contracts Limited**


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**Notes to the Financial Statements  
For the year ended 31 March 2019**


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**1. General information**

Interface Contracts Limited is a private company limited by share capital, incorporated in England and Wales, company number 02699908. The registered office is 78 Ashley Road, Hale, Altrincham, Greater Manchester, WA14 2UF. The principal place of business is Argent House, Shaw Road, Oldham, OL1 4AW.

The principal activity of the company is the provision of specialist mechanical and electrical engineering.

**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 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).

This information is included in the consolidated financial statements of Bowdon Group Limited as at 31 March 2019 and these financial statements may be obtained from Companies House.

**2.3 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:

When the outcome of the contracts can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion at the end of the reporting period.

Reliable estimation of the outcome of the contracts requires reliable estimates of the stage of completion, future costs and collectability of billings.

When the outcome of the contract cannot be estimated reliably, revenue is only recognised to the extent of costs incurred that it is probable will be recovered.

When it is probable that total contract costs will exceed total contract revenue, the expected loss shall be recognised as an expense immediately, with a corresponding provision.

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**Interface Contracts Limited**


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**Notes to the Financial Statements  
For the year ended 31 March 2019**


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**2. Accounting policies (continued)**

## **2.4 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 the statement of comprehensive income 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.

## **2.5 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 the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

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## **2.6 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, 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 balance sheet 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 balance sheet 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 balance sheet date.

## **2.7 Exceptional items**

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

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## Interface Contracts Limited

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### Notes to the Financial Statements For the year ended 31 March 2019

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## 2. Accounting policies (continued)

### 2.8 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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	-	20%
Motor vehicles	-	25%
Fixtures and fittings	-	20%
Computer equipment	-	25%

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 the statement of comprehensive income.

### 2.9 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 is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet 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 profit or loss.

### 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 non-puttable ordinary shares.

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.

Financial assets and liabilities are offset and the net amount reported in the balance sheet 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.

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**Interface Contracts Limited**

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**Notes to the Financial Statements  
For the year ended 31 March 2019**

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

Preparation of the financial statements requires management to make significant judgements and estimates that affect amounts recognised for assets and liabilities at the reporting date and the amounts of revenue and expenses incurred during the reporting period. Actual outcome may differ from these judgements, estimates and assumptions. The judgements, estimates and assumptions that have the most significant effect on the carrying value of assets and liabilities of the company at at 31 March 2019 are discussed below;

**Long term contracts**

The company's recognition of revenues and margins on long term contracts, which are set out in note 2.3, are central to how the company values the work it has carried out in each financial year. These policies require forecasts to be made of the outcomes of long term contracts, which require assessments and judgements to be made. The company reviews and, where necessary, revises the estimates of revenue and costs as the contract progresses. The company has recognised amounts recoverable on contracts of £2,172,699 (*2018 - £2,724,180*).

**Recoverability of trade debtors**

The company has recognised trade debtors with a carrying value of £428,938 (*2018 - £130,248*). The recoverability of trade debtors is regularly reviewed in the light of the available economic information specific to each debtor and specific provisions are recognised for

balances considered to be at risk of irrecoverable.

**4. Turnover**

An analysis of turnover by class of business is as follows:

	<b>2019</b>	<i>2018</i>
	<b>£</b>	<i>£</i>
Rendering of services	<b><u>10,595,697</u></b>	<i><u>19,792,830</u></i>

All turnover arose within the United Kingdom.

**5. Exceptional items**

	<b>2019</b>	<i>2018</i>
	<b>£</b>	<i>£</i>
Exceptional items	<b><u>-</u></b>	<i><u>105,003</u></i>

In the prior year the company received a payment of £105,003 as a result of arbitration in favour of the company following a major dispute on a contract.

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**Interface Contracts Limited**

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**Notes to the Financial Statements  
For the year ended 31 March 2019**

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**6. Other operating income**

	2019 £	2018 £
Government grants	58,310	21,965
Foreign exchange variances	13,743	66,389
	<u>72,053</u>	<u>88,354</u>

**7. Operating profit**

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation - tangible fixed assets	17,649	77,709
Exchange differences	(13,743)	(66,389)
Loss/(profit) on sale of tangible fixed assets	2,681	6,418
Operating lease rentals	<u>36,330</u>	<u>66,044</u>

**8. Auditors' remuneration**

	2019 £	2018 £
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	<u>11,000</u>	<u>10,000</u>

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**Interface Contracts Limited**

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**Notes to the Financial Statements  
For the year ended 31 March 2019**

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**9. Employees**

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

	<b>2019</b>	<i>2018</i>
	<b>£</b>	<i>£</i>
Wages and salaries	<b>2,400,800</b>	<i>2,463,086</i>
Social security costs	<b>226,294</b>	<i>243,523</i>
Cost of defined contribution scheme	<b>109,485</b>	<i>247,913</i>
	<b><u>2,736,579</u></b>	<i><u>2,954,522</u></i>

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

	<b>2019</b>	<i>2018</i>
	<b>No.</b>	<i>No.</i>
Staff	<b><u>51</u></b>	<i><u>60</u></i>

**10. Directors' remuneration**

	<b>2019</b>	<i>2018</i>
	<b>£</b>	<i>£</i>
Directors' emoluments	<b>210,476</b>	<i>63,038</i>
Company contributions to defined contribution pension schemes	<b>75,450</b>	<i>228,828</i>
	<b><u>285,926</u></b>	<i><u>291,866</u></i>

During the year retirement benefits were accruing to 3 directors (*2018 - 2*) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £83,752 (*2018 - £25,896*).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £51,567 (*2018 - £63,035*).

**11. Interest receivable**

	<b>2019</b>	<i>2018</i>
	<b>£</b>	<i>£</i>
Other interest receivable	<b><u>5,910</u></b>	<i><u>94</u></i>

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**Interface Contracts Limited**

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**Notes to the Financial Statements  
For the year ended 31 March 2019**

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**12. Interest payable and similar expenses**

	<b>2019</b>	<i>2018</i>
	<b>£</b>	<i>£</i>
Finance leases and hire purchase contracts	<u>-</u>	<u>147</u>

**13. Taxation**

	<b>2019</b>	<i>2018</i>
	<b>£</b>	<i>£</i>
<b>Corporation tax</b>		
Current tax on profits for the year	<b>26,104</b>	<i>195,084</i>
Adjustments in respect of previous periods	<b>(258)</b>	<i>-</i>
<b>Total current tax</b>	<u><b>25,846</b></u>	<u><i>195,084</i></u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<u><b>(18,284)</b></u>	<u><i>683</i></u>
<b>Taxation on profit on ordinary activities</b>	<u><b>7,562</b></u>	<u><i>195,767</i></u>



**Factors affecting tax charge for the year**

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

	<b>2019</b> <b>£</b>	<i>2018</i> <i>£</i>
Profit on ordinary activities before tax	<u><b>495,329</b></u>	<u><i>959,545</i></u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	<b>94,113</b>	<i>182,314</i>
<b>Effects of:</b>		
Expenses not deductible for tax purposes	<b>987</b>	<i>13,453</i>
Adjustments to tax charge in respect of prior periods	<b>(258)</b>	-
Other timing differences leading to an increase (decrease) in taxation	<b>(14,334)</b>	-
Group relief	<u><b>(72,946)</b></u>	<u>-</u>
<b>Total tax charge for the year</b>	<u><b>7,562</b></u>	<u><i>195,767</i></u>

**14. Dividends**

	2019 £	2018 £
Dividends	<u>64,927</u>	<u>151,219</u>

**15. Tangible fixed assets**

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost or valuation</b>					
At 1 April 2018	11,336	43,679	26,449	142,591	224,055
Additions	-	-	-	3,113	3,113
Disposals	(3,819)	(30,347)	(20,602)	(108,986)	(163,754)
At 31 March 2019	<u>7,517</u>	<u>13,332</u>	<u>5,847</u>	<u>36,718</u>	<u>63,414</u>
<b>Depreciation</b>					
At 1 April 2018	6,059	22,680	22,491	128,569	179,799
Charge for the year on owned assets	1,598	6,194	1,224	8,633	17,649
Disposals	(3,685)	(23,088)	(19,586)	(111,381)	(157,740)
At 31 March 2019	<u>3,972</u>	<u>5,786</u>	<u>4,129</u>	<u>25,821</u>	<u>39,708</u>
<b>Net book value</b>					
At 31 March 2019	<u>3,545</u>	<u>7,546</u>	<u>1,718</u>	<u>10,897</u>	<u>23,706</u>
<b>At 31 March 2018</b>	<u>5,277</u>	<u>20,995</u>	<u>3,958</u>	<u>14,022</u>	<u>44,256</u>

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**Interface Contracts Limited**

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**Notes to the Financial Statements  
For the year ended 31 March 2019**

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**16. Stocks**

	<b>2019 £</b>	<i>2018 £</i>
Stocks	<b>47,493</b>	-
Work in progress	<b>82,343</b>	237,236
	<b><u>129,836</u></b>	<u>237,236</u>

Stock recognised in cost of sales during the year as an expense was £2,024,456 (2018 - £4,582,684).

**17. Debtors**

	<b>2019 £</b>	<i>2018 £</i>
Trade debtors	<b>428,938</b>	130,248
Amounts owed by group undertakings	<b>1,670,936</b>	-
Other debtors	-	871
Prepayments and accrued income	<b>41,372</b>	12,882
Amounts recoverable on long term contracts	<b>2,172,699</b>	2,724,180
	<b><u>4,313,945</u></b>	<u>2,868,181</u>

**18. Cash and cash equivalents**

	<b>2019 £</b>	<i>2018 £</i>
Cash at bank and in hand	<b>567,227</b>	1,653,519
Less: bank overdrafts	-	(4,040)
	<b><u>567,227</u></b>	<u>1,649,479</u>

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**Interface Contracts Limited**

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**Notes to the Financial Statements  
For the year ended 31 March 2019**

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**19. Creditors: Amounts falling due within one year**

	<b>2019</b>	<i>2018</i>
	<b>£</b>	<i>£</i>
Bank overdrafts	-	4,040
Trade creditors	<b>1,438,331</b>	1,583,200
Corporation tax	<b>9,179</b>	49,342
Other taxation and social security	<b>169,236</b>	356,872

Other creditors	<b>6,892</b>	3,250
Accruals and deferred income	<b>472,121</b>	272,089
	<b>2,095,759</b>	2,268,793

## 20. Financial instruments

	<b>2019</b>	2018
	<b>£</b>	£
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<b>4,272,573</b>	2,854,428
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<b>(1,709,755)</b>	(1,859,329)

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, group debtors and amounts recoverable on long term contracts.

Financial liabilities measured at amortised cost comprise bank overdrafts, trade creditors and accruals.

## 21. Deferred taxation

	<b>2019</b>
	<b>£</b>
At beginning of year	21,146
Credited to profit or loss	(18,284)
<b>At end of year</b>	<b>2,862</b>



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Interface Contracts Limited

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Notes to the Financial Statements  
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**21. Deferred taxation (continued)**

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	4,171	21,146
Other timing differences	(1,309)	-
	<u>2,862</u>	<u>21,146</u>

**22. Share capital**

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
10,000 (2018 - 10,000) Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

**23. Reserves**

**Share premium account**

Share premium account includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premiums.

**Profit and loss account**

Profit and loss account includes all current and prior period retained profits and losses, net of dividends.

**24. Contingent liabilities**

The company is party to an unlimited multilateral guarantee dated 21 June 2018 in respect of debt in certain group companies. As at 31 March 2019 the total of this debt was £1,651,549 (2018 - £nil).

**25. 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 £109,485 (2018 - £212,913). Contributions totalling £6,892 (2018 - £2,937) were payable to the fund at the balance sheet date.

**Notes to the Financial Statements**  
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**26. Commitments under operating leases**

At 31 March 2019 the company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>2019</b>	<i>2018</i>
	<b>£</b>	<i>£</i>
<b>Land and buildings</b>		
Not later than 1 year	<b>20,000</b>	<i>20,000</i>
Later than 1 year and not later than 5 years	<b>73,333</b>	<i>93,333</i>
	<b><u>93,333</u></b>	<i><u>113,333</u></i>
	<b>2019</b>	<i>2018</i>
	<b>£</b>	<i>£</i>
<b>Motor vehicles</b>		
Not later than 1 year	<b>21,337</b>	<i>14,810</i>
Later than 1 year and not later than 5 years	<b>19,611</b>	<i>22,851</i>
	<b><u>40,948</u></b>	<i><u>37,661</u></i>

**27. Related party transactions**

The company's ultimate parent undertaking is Bowdon Group Limited. The company has taken advantage of the exemption contained in FRS 102 Section 33 "Related Party Transactions" not to disclose transactions with other wholly owned group companies.

**28. Controlling party**

Until 14 June 2018, the company had no ultimate controlling party.

On 14 June 2018, Interface Contracts Limited was acquired by Bowdon Interface Holdings Limited. The company is a wholly owned subsidiary of Bowdon Interface Holdings Limited, a company incorporated in England and Wales, company number 11337419. The ultimate parent company is Bowdon Group Limited, company number 06300318. The company is controlled by B Benson by virtue of his equity shareholding in Bowdon Group Limited.