

Strategic Report, Report of the Directors and
Audited Financial Statements for the Period 1 July 2019 to 31 December 2019
for
SGS DMW Environmental Safety Ltd

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for the Period 1 July 2019 to 31 December 2019

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SGS DMW Environmental Safety Ltd

Company Information

for the Period 1 July 2019 to 31 December 2019

DIRECTORS: M Boyd
J McGurk

SECRETARY: Mrs C A Aldag

REGISTERED OFFICE: SGS United Kingdom Limited
Inward Way
Ellesmere Port
Cheshire
CH65 3EN

BUSINESS ADDRESS: Unit 4 Calibre Industrial Park
Four Ashes
Wolverhampton
West Midlands
WV10 7DZ

REGISTERED NUMBER: 03576012 (England and Wales)

AUDITORS: Haslehursts Ltd
Statutory Auditor
88 Hill Village Road
Four Oaks
Sutton Coldfield
West Midlands
B75 5BE

SOLICITORS: George Green LLP
19 Waterloo Road
Wolverhampton
WV1 4DY

Strategic Report
for the Period 1 July 2019 to 31 December 2019

The directors present their strategic report for the period 1 July 2019 to 31 December 2019.

REVIEW OF BUSINESS

Principal Activity

The principal activity of the company in the year under review was that of environmental safety and compliance consultants.

Overview

The company is an established building compliance services consultancy, the core business is the high growth area of asbestos risk management including asbestos surveys, asbestos analysis, air monitoring, asbestos awareness training and project management. Much of the company's work is underpinned by long - standing preferred supplier relationships with a host of blue chip customers from social housing derived from the EU / UK Governments "decent housing" initiative which has sustained the Company for many years. Such long-term agreements provide a great visibility of income and are increasingly favoured by clients who require high performing suppliers in their supply chain.

There has also been significant growth in the commercial sector for surveys and removal work from the commercial and retail sectors where landlords are obligated by law to have their buildings free from deleterious materials and keep the public fully protected by complying with health and safety regulations in this area.

In recent years, the company has developed a core competency in workplace compliance - the closely related areas of health & safety consultancy including water hygiene and fire risk assessments working a niche market offering UK national coverage.

The business model is built around the company's high value added testing services which produces margin contributions of around 80% which are required to cover the high fixed costs required by the business, mainly in the payroll and related areas such as motor vehicles and travel. In recent years the business has grown by extending its client and geographic reach and delivering a pro-active tailored service for its services.

Sales for the 6 month period to 31.12.2019 were £3,390k which are marginally below the proportionate annual sales achieved for the year to 30.06.2019 of £6,915k. Direct costs increased as a percentage of sales mainly due to proportionately higher sub contract charges which reduced gross margins to 46.5% for the six month period to 31.12.2019 from 53.8% for the year to 30.06.2019 .

The company currently operates a very high customer retention rate and with little or no marketing is still showing continued growth which could be further enhanced by a targeted marketing campaign.

Administration expenses were overall slightly lower proportionate to the year to 30.06.2019 at £1,127k (year to 30.06.2019 £2,291k), although the mix of costs changed with lower proportional charges for motor, travel and general office costs offset by higher salary charges.

Strategic Report
for the Period 1 July 2019 to 31 December 2019

PRINCIPAL RISKS AND UNCERTAINTIES

The company operates in a mature market with other local business competing for the same work where prices are being driven down in the competitive market place whilst overheads are increasing such as salaries therefore reducing profit margins.

On January 30, 2020, the World Health Organization (WHO) declared an international health emergency due to the outbreak of coronavirus. Since March 11, 2020 the WHO has characterised the spread of the coronavirus as a pandemic.

The continuing spread of the coronavirus and the impact on the business development of the SGS Group, including the Company, is being continually monitored. Based on current developments, the SGS Group expects that the increasing spread of the coronavirus and the necessary containment measures will have a negative impact on our TIC services in most of sales markets. To assess the negative economic consequences and the measures that the SGS Group needs to take, a detailed contingency plan has thus been compiled to cover all global businesses. The actions to protect the health of SGS employees and the related cost-cutting measures to protect profitability and ensure sufficient liquidity level have been initiated without delay.

Management considers the spread of the coronavirus, the resulting actions by governments globally to contain the spread, and the resulting direct impact on SGS to constitute a non-adjusting subsequent event. SGS group management is conducting regular global assessments and regularly updating the assumptions for the financial year 2020 forecasts and determining the appropriate measures and actions to be implemented in each affiliate including the Company. However, given the uncertainty regarding the spread of this coronavirus and the risk of a second lockdown, the related financial impact for the financial year 2020 cannot be reasonably estimated at this time.

In addition, following an analysis of different possible scenarios, SGS group management and the SGS SA Board of Directors concluded that sufficient reserves are available in respect of the liquidity and also the equity base of the SGS group to guarantee continuity of the group for a period of not less than 12 months from signing these financial statements.

FINANCIAL KEY PERFORMANCE INDICATORS

The company measures its periodic performance on the following KPI's;

1. Sales generated per direct employee
2. Profits generated per direct employee
3. Periodic sales and profit levels measured against moving annual totals
4. Debtor collection rates and overdue balance levels
5. Cash generation and cash balances

The company also measures its performance against peer competitors in the industry through subscribing to "Plimsol" sector reports and through networking via its membership of professional bodies and trade association.

ON BEHALF OF THE BOARD:

M Boyd - Director

**Report of the Directors
for the Period 1 July 2019 to 31 December 2019**

The directors present their report with the financial statements of the company for the period 1 July 2019 to 31 December 2019.

DIVIDENDS

No dividends will be distributed for the period ended 31 December 2019.

EVENTS SINCE THE END OF THE PERIOD

Information relating to events since the end of the period is given in the notes to the financial statements.

DIRECTORS

The directors who have held office during the period from 1 July 2019 to the date of this report are as follows:

W J Williams - resigned 19 July 2019

G Williams - resigned 19 July 2019

N Williams - resigned 19 July 2019

M Boyd - appointed 19 July 2019

J McGurk - appointed 19 July 2019

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 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 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Report of the Directors
for the Period 1 July 2019 to 31 December 2019

AUDITORS

The auditors, Haslehursts Ltd, were appointed during the year will be re-appointed as auditors at the AGM.

ON BEHALF OF THE BOARD:

M Boyd - Director

8 July 2020

**Report of the Independent Auditors to the Members of
SGS DMW Environmental Safety Ltd (Registered number: 03576012)**

Opinion

We have audited the financial statements of SGS DMW Environmental Safety Ltd (the 'company') for the period ended 31 December 2019 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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 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 December 2019 and of its profit 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 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 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 in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

**Report of the Independent Auditors to the Members of
SGS DMW Environmental Safety Ltd (Registered number: 03576012)**

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 Report of the Directors.

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

- adequate accounting records have not been kept, 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 four, 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 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 a Report of the Auditors 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 Report of the Auditors.

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 a Report of the Auditors 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.

Stuart Penfold (Senior Statutory Auditor)
for and on behalf of Haslehursts Ltd
Statutory Auditor
88 Hill Village Road

Four Oaks
Sutton Coldfield
West Midlands
B75 5BE

9 July 2020

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Income Statement
for the Period 1 July 2019 to 31 December 2019

	Notes	Period 1.7.19 to 31.12.19 £	Year Ended 30.6.19 £
REVENUE		3,390,056	6,915,314
Cost of sales		<u>1,812,042</u>	<u>3,191,989</u>
GROSS PROFIT		1,578,014	<u>3,723,325</u>
Administrative expenses		<u>1,127,574</u>	<u>2,290,703</u>
OPERATING PROFIT	6	450,440	<u>1,432,622</u>
Associated Taxation Credit	7	<u>-</u>	<u>4,877</u>
		450,440	<u>1,427,745</u>
Interest receivable and similar income	8	<u>2,808</u>	<u>7,508</u>
		453,248	<u>1,435,253</u>
Interest payable and similar expenses	9	<u>105</u>	<u>-</u>
PROFIT BEFORE TAXATION		453,143	<u>1,435,253</u>
Tax on profit	10	<u>87,927</u>	<u>259,782</u>
PROFIT FOR THE FINANCIAL PERIOD		<u>365,216</u>	<u><u>1,175,471</u></u>

Other Comprehensive Income
for the Period 1 July 2019 to 31 December 2019

	Notes	Period 1.7.19 to 31.12.19 £	Year Ended 30.6.19 £
PROFIT FOR THE PERIOD		365,216	1,175,471
OTHER COMPREHENSIVE INCOME		—	—
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>365,216</u>	<u>1,175,471</u>

Balance Sheet
31 December 2019

	Notes	31.12.19		30.6.19	
		£	£	£	£
FIXED ASSETS					
Property, plant and equipment	12		190,725		274,387
CURRENT ASSETS					
Debtors	13	1,486,656		1,744,284	
Cash at bank		<u>5,667,745</u>		<u>4,935,921</u>	
		7,154,401		6,680,205	
CREDITORS					
Amounts falling due within one year	14	<u>1,214,418</u>		<u>1,173,177</u>	
NET CURRENT ASSETS			<u>5,939,983</u>		<u>5,507,028</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			6,130,708		5,781,415
PROVISIONS FOR LIABILITIES	16		<u>30,413</u>		<u>46,136</u>
NET ASSETS			<u><u>6,100,295</u></u>		<u><u>5,735,279</u></u>
CAPITAL AND RESERVES					
Called up share capital	17		100		300
Capital redemption reserve	18		201		1
Retained earnings	18		<u>6,099,994</u>		<u>5,734,978</u>
SHAREHOLDERS' FUNDS			<u><u>6,100,295</u></u>		<u><u>5,735,279</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 8 July 2020 and were signed on its behalf by:

M Boyd - Director

Statement of Changes in Equity
for the Period 1 July 2019 to 31 December 2019

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
Balance at 1 July 2018	300	4,642,753	1	4,643,054
Changes in equity				
Dividends	-	(83,246)	-	(83,246)
Total comprehensive income	-	1,175,471	-	1,175,471
Balance at 30 June 2019	<u>300</u>	<u>5,734,978</u>	<u>1</u>	<u>5,735,279</u>
Changes in equity				
A Ordinary Management shares	(100)	-	-	(100)
B Ordinary Management shares	(100)	-	-	(100)
Total comprehensive income	-	365,016	200	365,216
Balance at 31 December 2019	<u>100</u>	<u>6,099,994</u>	<u>201</u>	<u>6,100,295</u>

Cash Flow Statement
for the Period 1 July 2019 to 31 December 2019

	Notes	Period 1.7.19 to 31.12.19 £	Year Ended 30.6.19 £
Cash flows from operating activities			
Cash generated from operations	1	732,563	254,973
Interest paid		(105)	-
Tax paid		-	(38,963)
Net cash from operating activities		<u>732,458</u>	<u>216,010</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(3,242)	(65,997)
Sale of tangible fixed assets		-	106,620
Interest received		<u>2,808</u>	<u>7,508</u>
Net cash from investing activities		<u>(434)</u>	<u>48,131</u>
Cash flows from financing activities			
Share buyback		(200)	-
Equity dividends paid		-	(83,246)
Net cash from financing activities		<u>(200)</u>	<u>(83,246)</u>
Increase in cash and cash equivalents		<u>731,824</u>	<u>180,895</u>
Cash and cash equivalents at beginning of period	2	4,935,921	4,755,026
Cash and cash equivalents at end of period	2	<u>5,667,745</u>	<u>4,935,921</u>

Notes to the Cash Flow Statement
for the Period 1 July 2019 to 31 December 2019

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	Period 1.7.19 to 31.12.19 £	Year Ended 30.6.19 £
Profit before taxation	453,143	1,435,253
Depreciation charges	86,905	272,366
Profit on disposal of fixed assets	-	(43,813)
Finance costs	105	-
Finance income	<u>(2,808)</u>	<u>(7,508)</u>
	537,345	1,656,298
Decrease/(increase) in trade and other debtors	257,627	(579,262)
Decrease in trade and other creditors	<u>(62,409)</u>	<u>(822,063)</u>
Cash generated from operations	<u>732,563</u>	<u>254,973</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Period ended 31 December 2019

	31.12.19 £	1.7.19 £
Cash and cash equivalents	<u>5,667,745</u>	<u>4,935,921</u>

Year ended 30 June 2019

	30.6.19 £	1.7.18 £
Cash and cash equivalents	<u>4,935,921</u>	<u>4,755,026</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.7.19 £	Cash flow £	At 31.12.19 £
Net cash			
Cash at bank	<u>4,935,921</u>	<u>731,824</u>	<u>5,667,745</u>
	<u>4,935,921</u>	<u>731,824</u>	<u>5,667,745</u>
Total	<u>4,935,921</u>	<u>731,824</u>	<u>5,667,745</u>

Notes to the Financial Statements
for the Period 1 July 2019 to 31 December 2019

1. STATUTORY INFORMATION

SGS DMW Environmental Safety Ltd is a private company, limited by shares , registered in England and Wales.
The company's registered number and registered office address can be found on the Company Information page.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention.

Turnover

Revenue is measured at 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 turnover is recognised:

Rendering of services

Turnover 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 turnover 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.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Short leasehold	- at varying rates on cost
Plant and machinery	- 25% on cost
Fixtures and fittings	- 25% on cost
Motor vehicles	- 25% on cost
Computer equipment	- 25% on cost

Taxation

Taxation for the period comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Notes to the Financial Statements - continued
for the Period 1 July 2019 to 31 December 2019

3. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

4. EMPLOYEES AND DIRECTORS

	Period 1.7.19 to 31.12.19 £	Year Ended 30.6.19 £
Wages and salaries	1,504,953	2,778,374
Social security costs	151,401	240,980
Other pension costs	35,366	54,869
	<u>1,691,720</u>	<u>3,074,223</u>

The average number of employees during the period was as follows:

	Period 1.7.19 to 31.12.19	Year Ended 30.6.19
Directors	2	3
Administration	34	29
Direct	88	82
	<u>124</u>	<u>114</u>

5. DIRECTORS' EMOLUMENTS

	Period 1.7.19 to 31.12.19 £	Year Ended 30.6.19 £
Directors' remuneration	10,113	25,200
Directors' pension contributions to money purchase schemes	367	4,400

Notes to the Financial Statements - continued
for the Period 1 July 2019 to 31 December 2019

5. DIRECTORS' EMOLUMENTS - continued

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u><u>1</u></u>	<u><u>1</u></u>
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6. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	Period 1.7.19 to 31.12.19 £	Year Ended 30.6.19 £
Other operating leases	18,926	38,173
Depreciation - owned assets	86,904	272,365
Profit on disposal of fixed assets	-	(43,813)
Auditors' remuneration	<u><u>7,000</u></u>	<u><u>7,000</u></u>

7. EXCEPTIONAL ITEMS

	Period 1.7.19 to 31.12.19 £	Year Ended 30.6.19 £
Associated Taxation Credit	<u><u>-</u></u>	<u><u>(4,877)</u></u>

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	Period 1.7.19 to 31.12.19 £	Year Ended 30.6.19 £
Deposit account interest	<u><u>2,808</u></u>	<u><u>7,508</u></u>

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	Period 1.7.19 to 31.12.19 £	Year Ended 30.6.19 £
Other Interest	<u><u>105</u></u>	<u><u>-</u></u>

Notes to the Financial Statements - continued
for the Period 1 July 2019 to 31 December 2019

10. TAXATION

Analysis of the tax charge

The tax charge on the profit for the period was as follows:

	Period 1.7.19 to 31.12.19 £	Year Ended 30.6.19 £
Current tax:		
UK corporation tax	103,650	299,351
Adjustment for Prior Years Tax	-	(7,539)
Total current tax	<u>103,650</u>	<u>291,812</u>
Deferred tax	(15,723)	(32,030)
Tax on profit	<u>87,927</u>	<u>259,782</u>

UK corporation tax has been charged at 19% (2019 - 19%).

Reconciliation of total tax charge included in profit and loss

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	Period 1.7.19 to 31.12.19 £	Year Ended 30.6.19 £
Profit before tax	<u>453,143</u>	<u>1,435,253</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	86,097	272,698
Effects of:		
Expenses not deductible for tax purposes	-	1,335
Adjustments to tax charge in respect of previous periods	1,830	(7,539)
Tax settlement disallowed for current UK CT Charge	-	933
R&D Tax Credit	-	(7,645)
Total tax charge	<u>87,927</u>	<u>259,782</u>

Notes to the Financial Statements - continued
for the Period 1 July 2019 to 31 December 2019

11. DIVIDENDS

	Period 1.7.19 to 31.12.19 £	Year Ended 30.6.19 £
A Ordinary Management shares of £1 each Interim	-	25,056
B Ordinary Management shares of £1 each Interim	-	58,190
	<u>-</u>	<u>83,246</u>

12. PROPERTY, PLANT AND EQUIPMENT

	Short leasehold £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 July 2019	374,494	95,673	143,042
Additions	-	-	-
At 31 December 2019	<u>374,494</u>	<u>95,673</u>	<u>143,042</u>
DEPRECIATION			
At 1 July 2019	329,863	81,595	142,607
Charge for period	13,620	11,453	155
At 31 December 2019	<u>343,483</u>	<u>93,048</u>	<u>142,762</u>
NET BOOK VALUE			
At 31 December 2019	<u>31,011</u>	<u>2,625</u>	<u>280</u>
At 30 June 2019	<u>44,631</u>	<u>14,078</u>	<u>435</u>
	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 July 2019	370,334	523,849	1,507,392
Additions	-	3,242	3,242
At 31 December 2019	<u>370,334</u>	<u>527,091</u>	<u>1,510,634</u>
DEPRECIATION			
At 1 July 2019	261,568	417,372	1,233,005
Charge for period	39,747	21,929	86,904
At 31 December 2019	<u>301,315</u>	<u>439,301</u>	<u>1,319,909</u>
NET BOOK VALUE			
At 31 December 2019	<u>69,019</u>	<u>87,790</u>	<u>190,725</u>
At 30 June 2019	<u>108,766</u>	<u>106,477</u>	<u>274,387</u>

Notes to the Financial Statements - continued
for the Period 1 July 2019 to 31 December 2019

13.	DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	31.12.19	30.6.19
		£	£
	Trade debtors	1,178,546	1,504,400
	Bad Debt Provision	(70,992)	(76,844)
	Other debtors	117,009	118,076
	Prepayments and accrued income	<u>262,093</u>	<u>198,652</u>
		<u>1,486,656</u>	<u>1,744,284</u>
14.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	31.12.19	30.6.19
		£	£
	Trade creditors	281,258	329,557
	Owed to Group Undertakings	51,278	-
	Corporation Tax	401,705	298,055
	Social security and other taxes	66,689	70,741
	VAT	319,488	340,758
	Other creditors	11,754	19,639
	Directors Loan Account	-	5,083
	Accruals and deferred income	<u>82,246</u>	<u>109,344</u>
		<u>1,214,418</u>	<u>1,173,177</u>
15.	LEASING AGREEMENTS		
	Minimum lease payments under non-cancellable operating leases fall due as follows:		
		31.12.19	30.6.19
		£	£
	Within one year	174,282	203,500
	Between one and five years	<u>111,175</u>	<u>186,573</u>
		<u>285,457</u>	<u>390,073</u>
16.	PROVISIONS FOR LIABILITIES	31.12.19	30.6.19
		£	£
	Deferred tax	<u>30,413</u>	<u>46,136</u>
			Deferred tax
			£
	Balance at 1 July 2019		46,136
	Credit to Income Statement during period		(15,723)
	Accelerated capital allowances		
	Balance at 31 December 2019		<u>30,413</u>

Notes to the Financial Statements - continued
for the Period 1 July 2019 to 31 December 2019

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal	31.12.19	30.6.19
Number:	Class:	value:	£	£
99	Ordinary	£1	99	99
1	Ordinary "B" Shares	£1	1	1
NIL	A Ordinary Management	£1	-	100
NIL	B Ordinary Management	£1	-	100
			<u>100</u>	<u>300</u>

The A Ordinary Management and B Ordinary Management shares do not rank pari passu with any other class of share, they carry no voting rights and no other special rights, privileges, or conditions as to dividend, capital or otherwise. Dividends awarded to these shares will be at the complete discretion of the Board of Directors, such dividends to be approved in general meeting by ordinary resolution. It was also agreed that the shares have no intrinsic value or any other entitlement in connection to any sale of the company that may be approved by the ordinary shareholders of the company. The shares may only be sold or transferred by express approval of the Board of the company.

On 17 July 2019 the company repurchased 100 A Ordinary Management shares and 100 B Ordinary Management shares.

18. RESERVES

	Retained earnings	Capital redemption reserve	Totals
	£	£	£
At 1 July 2019	5,734,978	1	5,734,979
Profit for the period	365,216		365,216
Purchase of own shares	(200)	200	-
At 31 December 2019	<u>6,099,994</u>	<u>201</u>	<u>6,100,195</u>

19. RELATED PARTY DISCLOSURES

During the year, total dividends of £ nil (30th June 2019 - £83,246) were paid to the directors.

The cost of key management personnel is disclosed in the directors remuneration charge in the financial statements.

Rent was paid during the period to a related party amounting to £ nil (30th June 2019 - £21,250)

Notes to the Financial Statements - continued
for the Period 1 July 2019 to 31 December 2019

20. POST BALANCE SHEET EVENTS

On January 30, 2020, the World Health Organization (WHO) declared an international health emergency due to the outbreak of coronavirus. Since March 11, 2020 the WHO has characterised the spread of the coronavirus as a pandemic. The continuing spread of the coronavirus and the impact on the business development of the SGS Group, including the Company, is being continually monitored. Based on current developments, the SGS Group expects that the increasing spread of the coronavirus and the necessary containment measures will have a negative impact on our TIC services in most of sales markets. To assess the negative economic consequences and the measures that the SGS Group needs to take, a detailed contingency plan has thus been compiled to cover all global businesses. The actions to protect the health of SGS employees and the related cost-cutting measures to protect profitability and ensure sufficient liquidity level have been initiated without delay.

Management considers the spread of the coronavirus, the resulting actions by governments globally to contain the spread, and the resulting direct impact on SGS to constitute a non-adjusting subsequent event. SGS group management is conducting regular global assessments and regularly updating the assumptions for the financial year 2020 forecasts and determining the appropriate measures and actions to be implemented in each affiliate including the Company. However, given the uncertainty regarding the spread of this coronavirus and the risk of a second lockdown, the related financial impact for the financial year 2020 cannot be reasonably estimated at this time.

In addition, following an analysis of different possible scenarios, SGS group management and the SGS SA Board of Directors concluded that sufficient reserves are available in respect of the liquidity and also the equity base of the SGS group to guarantee continuity of the group for a period of not less than 12 months from signing these financial statements.

21. ULTIMATE CONTROLLING PARTY

From the 19th July 2019 the controlling party is SGS S.A., a company incorporated in Switzerland.

22. GOING CONCERN

As disclosed in the strategic report, Post balance sheet events, the Company is currently impacted by the economic impact of responses to the coronavirus outbreak (COVID-19). This uncertainty may cast a doubt about the going concern basis of preparation adopted by the Company. In response, the parent entity of the SGS Group, SGS SA, has undertaken to provide all required support in order for the Company to continue as a going concern for a period of not less than 12 months from the date of signing the financial statements. The financial statements have therefore been prepared on a going concern basis.