Gibraltar Joinery and Building Services Limited and its subsidiary

Annual report for the year ended 31 December 2011

Registered number: 25860

Gibraltar Joinery and Building Services Limited and its subsidiary

Annual report for the year ended 31 December 2011

Directors' report for the year ended 31 December 2011

The directors present their report and the audited financial statements of the group and the company for the year ended 31 December 2011.

Principal activities

Gibraltar Joinery and Building Services Limited ("the company" or "GJBS") is registered in Gibraltar and its principal activity during the year was that of building and joinery contractors. The group consists of the company and Gibraltar General Construction Company Limited (together "the group"), its sole subsidiary, which is also registered in Gibraltar and whose principal activity is the provision of contractual labour to its parent.

Review of business and future developments

The group's turnover for the year under review reached a record high of £86,891,400 (2010: £69,187,677). This reflected the company's continued involvement in a significant number of high worth projects primarily the Mid-Harbours Housing project but also including the new Mental Health Hospital, substantial refurbishment of the Law Courts, works at Montagu Gardens and the Park and Ride project at Devil's Tower Road among others.

Provisional figures for the year ending 31 December 2012 indicate a considerable decline in the company's turnover, this being approximately £24 million.

Results and dividends

The group and company made a profit after taxation during the year of £2,416,906 (2010: £349,966). No dividends were declared or paid during the year (2010: £nil).

The group and company's profit was transferred to reserves which stood at £4,269,019 (2010: £1,852,113) on 31 December 2011.

Key performance indicators ("KPIs")

The group uses a number of financial indicators to assess its performance. These indicators are categorised into profitability, financial strength and the effectiveness of the group. Where there are indications that the performance of the group is deteriorating, remedial action is taken. The financial indicators are shown below:

	2011	2010	2009
Profitability			
Gross profit margin	**5.49%**	2.79%	4.09%
Net profit before tax margin	**3.10%**	0.41%	1.96%
Financial strength			
Current ratio	**1.23**	1.05	1.14
Quick ratio	**1.18**	1.01	1.08
Effectiveness			
Return on capital employed	**51%**	10%	30%

Directors' report for the year ended 31 December 2011 - continued

Directors

The directors who held office during the year are given below:

M Estella	(Managing)	
J J Capurro	(Non-executive)	(Resigned 30 June 2012)
W A Crisp	(Non-executive)	
D D Tirathdas	(Non-executive)	

Financial risk management objectives and policies

Information on the use of financial instruments by the group and its management of financial risk is disclosed in note 2 to the financial statements, in particular the group's exposure to currency risk, credit risk, liquidity risk and cash flow interest rate risk.

Statement of directors' responsibilities

Gibraltar company law requires the directors to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the group and company and of its consolidated profit or loss for that period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the group and company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements and that Gibraltar Accounting Standards have been applied in their preparation.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act and other applicable legislation. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors, PricewaterhouseCoopers Limited, have indicated their willingness to continue in office. A resolution concerning their reappointment will be proposed at the annual general meeting.

By order of the Board

W A Crisp
Director

Gibraltar,

25 JUN 2014

Independent auditors' report to the members of Gibraltar Joinery and Building Services Limited and its subsidiary

Report on the financial statements

We have audited the financial statements of Gibraltar Joinery and Building Services Limited for the year ended 31 December 2011 which comprise the consolidated profit and loss account, the consolidated balance sheet and company balance sheet, the consolidated cash flow statement, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 182 of the Companies Act and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Directors' responsibilities for the financial statements

The directors are responsible for the preparation and true and fair presentation of these financial statements in accordance with applicable law in Gibraltar and Gibraltar Accounting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers Limited, International Commercial Centre, Casemates Square, Gibraltar.
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Directors: Edgar C Lavarello Colin Vaughan Barry Pillans Kristian C Menez
Registered in Gibraltar: Number 94799

Independent auditors' report to the members of
Gibraltar Joinery and Building Services Limited and its subsidiary - continue

Opinion

In our opinion, the financial statements:

- give a true and fair view of the state of the group and company's affairs as at 31 December 2011 and of the group's profit for the year then ended;

- have been properly prepared in accordance with Gibraltar Generally Accepted Accounting Practice; and

- have been properly prepared in accordance with the Companies Act, the Companies (Consolidated Accounts) Act 1999 and the Companies (Accounts) Act 1999.

Opinion on other matter prescribed by the Companies (Accounts) Act 1999

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- the company has not kept proper accounting records; or

- if information specified by law regarding directors' remuneration and other transactions is not disclosed; or

- we have not received all the information and explanations we require for our audit.

Colin Vaughan
Statutory auditor
For and on behalf of
PricewaterhouseCoopers Limited

25th June 2014

Consolidated profit and loss account for the year ended 31 December 2011

	Note	2011 £	2010 £
Turnover - continuing operations	3	**86,891,400**	69,187,677
Cost of sales		**(82,118,115)**	(67,257,640)
Gross profit		**4,773,285**	1,930,037
Administrative expenses		**(2,081,486)**	(1,648,457)
Operating profit - continuing operations	4	**2,691,799**	281,580
Other income	7	**6,537**	6,352
Interest receivable and similar income	8	**1,950**	980
Interest payable and similar charges		**(8,558)**	(3,933)
Profit on ordinary activities before taxation		**2,691,728**	284,979
Taxation	9	**(274,822)**	64,987
Retained profit for the year	16	**2,416,906**	349,966

The group has no recognised gains and losses other than the result above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the result on ordinary activities before taxation and the result for the year stated above and their historical cost equivalents.

Consolidated balance sheet as at 31 December 2011

	Note	2011 Group £	2011 Company £	2010 Group £	2010 Company £
Fixed assets					
Tangible assets	10	2,215,030	2,215,030	2,091,140	2,091,140
Investments	11	-	10,000	-	5,000
		2,215,030	2,225,030	2,091,140	2,096,140
Current assets					
Stocks	12	702,189	702,189	723,436	723,436
Debtors	13	11,508,772	11,508,772	11,662,203	11,662,203
Cash at bank and in hand	19	4,607,936	4,607,736	3,710,183	3,710,183
		16,818,897	16,818,697	16,095,822	16,095,822
Creditors: amounts falling due within one year	14	(13,701,202)	(13,711,002)	(15,271,143)	(15,276,143)
Net current assets		3,117,695	3,107,695	824,679	819,679
Total assets less current liabilities		5,332,725	5,332,725	2,915,819	2,915,819
Provision for liabilities and charges		(63,706)	(63,706)	(63,706)	(63,706)
Net assets		5,269,019	5,269,019	2,852,113	2,852,113
Capital and reserves					
Called up share capital	15	1,000,000	1,000,000	1,000,000	1,000,000
Profit and loss account	16	4,269,019	4,269,019	1,852,113	1,852,113
Total shareholders' funds	17	5,269,019	5,269,019	2,852,113	2,852,113

The financial statements on pages 5 to 22 were approved by the Board of Directors on 25 JUN 2014 and were signed on its behalf by:

M Estella
Managing Director

W A Crisp
Director

CERTIFIED TRUE COPY

T. Perera

GOC (Secretaries) Limited

Consolidated cash flow statement for the year ended 31 December 2011

	Note	2011 £	2010 £
Net cash inflow from operating activities	18	**2,045,689**	2,428,938
Return on investments and servicing of finance			
Interest paid		**(8,558)**	(3,933)
Interest received on bank deposits		**1,950**	980
Net cash (outflow)/inflow from return on investments and servicing of finance		**(6,608)**	(2,953)
Taxation		**(150,591)**	(24,071)
Capital expenditure and financial investment			
Proceeds on sale of tangible fixed assets		**-**	800
Purchase of tangible fixed assets	10	**(500,737)**	(984,697)
Net cash outflow from capital expenditure and financial investment		**(500,737)**	(983,897)
Net cash inflow before financing		**1,387,753**	1,418,017
Financing			
(Decrease)/Increase in short-term Government advances		**(490,000)**	50,000
Net cash inflow from financing		**(490,000)**	50,000
Net increase in cash	19	**897,753**	1,468,017

Reconciliation of net cash flow to movement in net funds

	Note	2011 £	2010 £
Net increase in cash during the year		**897,753**	1,468,017
Movement in short term Government advances		**490,000**	(50,000)
Movement in net funds for the year	19	**1,387,753**	1,418,017
Net funds at 1 January		**2,517,183**	1,099,166
Net funds at 31 December	19	**3,904,936**	2,517,183

Notes to the financial statements for the year ended 31 December 2011

1 Accounting policies

The financial statements of Gibraltar Joinery and Building Services Limited and its subsidiary (together "the group") have been prepared under the historical cost convention, the accounting policies set out below, applicable legislation and in accordance with Gibraltar Accounting Standards.

Gibraltar legislation applied in the preparation of these financial statements includes the Companies Act, the Companies (Accounts) Act 1999 and the Companies (Consolidated Accounts) Act.

Basis of consolidation

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

The subsidiary company's period end is 31 December 2011.

The company has opted for the exemption from preparing its own profit and loss account and related notes available under section 10(3) of the Companies (Consolidated Accounts) Act.

Investments

Investment in subsidiaries are accounted for at cost less impairment.

Turnover

Turnover comprises the value of contracting work executed on long term contracts during the year and the value of other goods and services supplied.

Turnover on contracts in progress, with costs greater than £5,000, is recognised according to the stage reached in the contract by reference to the value of the work done. A prudent estimate of the profit attributable to work completed is recognised once the outcome of the contract can be assessed with reasonable certainty. Costs include all direct expenditure and production overheads based on a normal level of activity.

Rental income

Rental income is received in relation to the letting of space on the company's premises. Rental income is accounted for on an accruals basis.

Foreign currencies

(i) Functional and presentation currency

Items included in these financial statements are measured and presented using pounds sterling (£), the currency of the primary economic environment in which the company operates (the 'functional currency'), which is also the company's presentation currency.

Notes to the financial statements for the year ended 31 December 2011 - continued

1 Accounting policies - continued

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account. The company does not have any non-monetary assets and liabilities denominated in foreign currencies.

Fixed assets

Tangible fixed assets are carried at cost. Cost represents purchase cost together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned which are considered to be:

Motor vehicles	4 to 10 years
Fixed plant, machinery and equipment	5 to 15 years
Office equipment	4 years
Buildings and improvements to premises	25 years

Assets under construction represent materials, labour and other costs directly associated with the construction of an extension to the existing office premises. No depreciation is charged on the assets under construction until such time as construction is complete.

Impairment

Fixed assets are subject to an impairment review if there are events or changes in circumstances that indicate that their carrying amount may not be fully recoverable. The impairment review comprises a comparison of the carrying amount of the fixed assets with its recoverable amount, which is the higher of net realisable value and value in use. The carrying value of the fixed asset is written down by the amount of any impairment and this loss is recognised in the profit and loss account in the period in which it occurs. If the occurrence of an external event gives rise to the reversal of an impairment loss, the reversal is recognised in the profit and loss account and by increasing the carrying amount of the fixed asset in the period in which it occurs. The carrying amount of the fixed asset will only be increased up to the amount that it would have been had the original impairment not occurred.

Pensions

The company participates in a defined-contribution scheme. The cost of the contribution is charged against the profit or loss in the period to which the contribution relates.

Stocks and work-in-progress

Stocks and work-in-progress are stated at the lower of cost and net realisable value.

In the case of stocks of materials and consumables, cost is determined on a weighted average basis and includes transport and handling costs.

In the case of short term work-in-progress, which represents minor construction contracts with a value under £5,000, costs include all direct expenditure and production overheads based on a normal level of activity.

Where necessary, provision is made for obsolete, slow moving and defective stocks.

Notes to the financial statements for the year ended 31 December 2011 - continued

1 Accounting policies - continued

Long-term contracts

Long-term contracts represent major construction contracts with a value of £5,000 or greater. Costs include all direct expenditure and production overheads based on a normal level of activity.

The amount of long term contracts, at costs incurred, net of amounts transferred to cost of sales, after deducting foreseeable losses and payments on account not matched with turnover, is included in work-in-progress and stock as long term contract balances. The amount by which recorded turnover is in excess of payments on account is included in debtors as amounts recoverable on long term contracts. Payments in excess of recorded turnover and long term contract balances are included in creditors as payments received on account on long term contracts. The amount by which provisions or accruals for foreseeable losses exceed costs incurred, after transfers to cost of sales, is included within creditors.

Provision is made for all losses expected to arise up to the completion of contracts in progress or entered into up to the balance sheet date, whether or not work has commenced.

Operating leases

Rentals payable under operating leases are charged to the profit and loss account as incurred over the lease term.

Current taxation

Provision is made at the applicable rate for corporation tax payable on the results for the year, as adjusted for tax purposes.

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 are differences between the taxable profits and the results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted by the balance sheet date.

Deferred tax is measured on a non-discounted basis.

Cash flow statement

Cash flows are defined as increases or decreases in cash. Cash includes cash in hand, deposits with banks repayable on demand and short term borrowing from the Government of Gibraltar. Deposits are repayable on demand if they are in practice available within twenty-four hours. Liquid resources, for cash flow purposes, are classified as deposits with banks which are repayable after more than one day.

Going concern

In assessing going concern, the directors have considered the period ending 12 months from the balance sheet date.

Notes to the financial statements for the year ended 31 December 2011 - continued

2 Management of financial risk

The company's operations expose it to a variety of financial risks that include the effects of currency risk, credit risk, liquidity risk and interest rate risk. The company seeks to limit the adverse effects on the financial performance of the company by monitoring levels of exposure. .

(a) Currency risk

The company is exposed to currency risk in respect of its purchases of goods denominated in foreign currencies. The most significant currency to which the company is exposed to is the euro. As the majority of the company's purchases are denominated in pounds sterling and all euro denominated purchases are made in cash, the company has very little exposure to currency risk.

(b) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The company has implemented policies that require appropriate credit checks on potential customers before contracts for services are entered into with them. As the majority of the company's sales contracts are with the Government of Gibraltar, the company's exposure to credit risk is limited.

(c) Liquidity risk

The company actively maintains a mixture of long-term and short-term finance that is designed to ensure that the company has sufficient available funds for operations. The company maintains short-term flexibility in funding by receipt of advance payments from the Government in proportion to the work completed prior to the actual certification by Government surveyors.

(d) Cash flow interest rate risk

The company is exposed to changes in interest rates, primarily due to its financing and cash management activities. This risk is considered to be minimal to the company as the short term advance provided by the Government of Gibraltar is interest free.

3 Segmental reporting

The group's and company's activities consist solely of the completion of building and joinery contracting in Gibraltar.

	Group and company 2011 £	Group and company 2010 £
Analysis of turnover		
Government of Gibraltar departments and sponsored bodies	**86,891,400**	69,133,638
Commercial work	**-**	54,039
	86,891,400	69,187,677

Notes to the financial statements for the year ended 31 December 2011 - continued

4 Operating profit

	2011 Group £	2011 Company £	2010 Group £	2010 Company £
Operating profit is stated after charging:				
Wages and salaries (including directors emoluments)	**8,431,171**	**5,035,520**	7,682,573	3,915,454
Social security costs	**418,599**	**232,651**	421,399	204,225
Other pension costs (see note 20)	**264,427**	**264,427**	225,183	225,183
Staff costs	**9,114,197**	**5,532,598**	8,329,155	4,344,862
Bad debts	**279,494**	**279,494**	23,693	23,693
Depreciation of tangible fixed assets	**376,796**	**376,796**	447,784	447,784
Profit on sale of tangible fixed assets	-	-	(800)	(800)

5 Employee information

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

	2011 Group No.	2011 Company No.	2010 Group No.	2010 Company No.
By activity:				
Production	**215**	**98**	179	89
Administration	**37**	**37**	33	33
	252	**135**	212	122

One of the directors of the company is a member of the Gibraltar Provident Trust Fund (No 2) Pension Scheme, which is the defined-contribution scheme that the company participates in.

6 Directors emoluments

The company's directors did not receive emoluments from the company for their services as directors during the year (2010: nil). One director receives emoluments in his capacity as the managing director of the company and under the provisions of the Companies (Accounts) Act 1999 [schedule 7, paragraph 3] these emoluments are not disclosed.

Notes to the financial statements for the year ended 31 December 2011 - continued

7 Other income

	Group and Company 2011 £	Group and Company 2010 £
Rental income receivable	**6,537**	6,352

8 Interest receivable and similar income

	Group and Company 2011 £	Group and Company 2010 £
Bank interest receivable	**1,950**	980

9 Tax on profit on ordinary activities - group

(a) Analysis of tax charge for the year

	2011 £	2010 £
Current tax		
Gibraltar corporation tax charge/(credit) for the financial year at 10% (2010: 22%)	**274,822**	(64,987)
Deferred tax		
Origination and reversal of timing differences	-	-
Tax on profit on ordinary activities	**274,822**	(64,987)

Notes to the financial statements for the year ended 31 December 2011 - continued

9 Tax on profit on ordinary activities - group (continued)

(b) Factors affecting tax charge for the year

The tax assessed for the year is lower than the applicable rate of corporation tax for the company in the current year. The differences are explained below:

	2011 £	2010 £
Profit on ordinary activities before tax	**2,691,728**	284,979
Notional tax at 10% (2010: 22%)	**269,172**	62,695
Effects of:		
Non-taxable income	**(195)**	(392)
Disallowable expenses	**1,084**	110
Cessation rules	**-**	(193,972)
Losses available to carry forward	**-**	65,500
Wear and tear allowances in excess of depreciation	**4,761**	1,072
Current tax charge/(credit) for the year	**274,822**	(64,987)

Notes to the financial statements for the year ended 31 December 2011 - continued

10 Tangible assets - group and company

	Motor Vehicles £	Fixed plant, machinery & equipment £	Office equipment £	Buildings & improvements to premises £	**Total £**
Cost					
At 1 January 2011	1,088,524	1,813,299	310,326	718,665	**3,930,814**
Additions	319,468	151,760	29,509	-	**500,737**
Disposals	(50)	-	-	(39,736)	**(39,786)**
At 31 December 2011	**1,407,942**	**1,965,059**	**339,835**	**678,929**	**4,391,765**
Accumulated depreciation					
At 1 January 2011	599,862	917,583	204,045	118,184	**1,839,674**
Charge for the year	136,028	188,680	45,104	6,984	**376,796**
Disposal	-	-	-	(39,735)	**(39,735)**
At 31 December 2011	**735,890**	**1,106,263**	**249,149**	**85,433**	**2,176,735**
Net book value					
At 31 December 2011	**672,052**	**858,796**	**90,686**	**593,496**	**2,215,030**
At 31 December 2010	488,662	895,716	106,281	600,481	2,091,140

Notes to the financial statements for the year ended 31 December 2011 - continued

11 Fixed asset investments - company

	2011 £	2010 £
Cost		
At 1 January	**5,000**	5,000
Additions	**5,000**	-
At 31 December	**10,000**	5,000

Investments comprise:

	Country of incorporation	Number of shares held	% owned	Cost (£)
Gibraltar General Construction Company Limited	Gibraltar	10,000 ordinary shares of £1 each	100%	10,000

Gibraltar General Construction Company Limited

Gibraltar General Construction Company Limited was incorporated in Gibraltar on 3 August 2010. The principle activity of Gibraltar General Construction Company Limited is to provide subcontractor labour to the company.

GJBS acquired the entire share capital of Gibraltar General Construction Company Limited on the date of incorporation for a consideration of £5,000. On 30 June 2011 a further 5,000 ordinary shares were issued to the company at a nominal value of £1 each.

The latest available unaudited financial statements of Gibraltar General Construction Company Limited as at 31 December 2011, shows the following:

Total shareholders' funds	2011 £	2010 £
Result for the period	-	-
Retained profit brought forward	-	-
Retained profit carried forward	-	-
Called up share capital	**10,000**	5,000
Net assets	**10,000**	5,000

Provision for impairment in value

The directors' have reviewed the carrying value of the investment and no provision is deemed necessary.

Notes to the financial statements for the year ended 31 December 2011 - continued

12 Stocks

	Group and Company 2011 £	Group and Company 2010 £
Raw materials and consumables	**247,820**	284,659
Short term work in progress	**454,369**	438,777
	702,189	723,436

13 Debtors

	Group and Company 2011 £	Group and Company 2010 £
Amounts falling due within one year:		
Trade debtors	**1,671,876**	2,019,896
Other debtors	**101,868**	163,896
Amounts recoverable on contracts	**9,735,028**	9,478,411
	11,508,772	11,662,203

Notes to the financial statements for the year ended 31 December 2011 - continued

14 Creditors: amounts falling due within one year

	2011		2010	
	Group	Company	Group	Company
	£	£	£	£
Government of Gibraltar - short term advance	**703,000**	**703,000**	1,193,000	1,193,000
Government of Gibraltar – unpaid share capital	**5,000**	**5,000**	-	-
Trade creditors	**6,470,683**	**6,470,683**	8,659,502	8,659,502
Other creditors	**(44,316)**	**(64,627)**	(52,404)	(90,844)
Taxation and social security	**176,453**	**119,282**	378,139	278,920
Corporation tax payable	**198,985**	**198,985**	74,807	74,807
Amounts due to subsidiary undertaking	**-**	**1,956,968**	-	998,043
Amount due to group undertakings	**1,869,686**	**-**	855,384	-
Provision for future losses on contracts	**1,179,983**	**1,179,983**	2,184,940	2,184,940
Deferred income	**2,991,937**	**2,991,937**	1,894,269	1,894,269
Accruals	**149,791**	**149,791**	83,506	83,506
	13,701,202	**13,711,002**	15,271,143	15,276,143

Included in other creditors are pension contributions payable amounting to £24,078 (2010: £0).

The short term advance from the Government of Gibraltar is unsecured, interest free and with no fixed date for repayment.

The unpaid share capital to the Government of Gibraltar is unsecured, interest free and with no fixed date for repayment.

The amounts due to subsidiary undertaking are unsecured, interest free and with no fixed date for repayment.

The amounts due to related parties are unsecured, interest free and with no fixed date for repayment.

Notes to the financial statements for the year ended 31 December 2011 - continued

15 Called up share capital - group

	2011 £	2010 £
Authorised, allotted and fully paid		
1,000,000 ordinary shares of £1 each	**1,000,000**	1,000,000

16 Profit and loss account - group

	2011 £	2010 £
At 1 January	**1,852,113**	1,502,147
Profit for the year	**2,416,906**	349,966
At 31 December	**4,269,019**	1,852,113

17 Reconciliation of movement in shareholders' funds - group

	2011 £	2010 £
At 1 January	**2,852,113**	2,502,147
Profit for the year	**2,416,906**	349,966
At 31 December	**5,269,019**	2,852,113

Notes to the financial statements for the year ended 31 December 2011 - continued

18 Cash flow from operating activities - group

	2011 £	2010 £
Operating profit	2,691,799	281,580
Depreciation of tangible fixed assets	376,796	447,784
Profit on sale of tangible fixed assets	-	(800)
Other income	6,537	6,352
(Increase)/decrease in stocks	21,247	(280,823)
Increase in trade debtors	348,020	(902,695)
Increase in other debtors and amounts recoverable on contracts	(194,589)	(5,651,709)
Increase in trade creditors	(2,188,821)	4,967,732
Increase in amounts due to group entities	1,019,302	356,745
Increase in provision for future losses	(1,004,957)	2,184,940
(Decrease)/increase in other creditors	8,088	(68,404)
(Decrease)/increase in taxation and social security	(201,687)	(88,901)
Increase in deferred income	1,097,669	1,145,827
Increase in accruals	66,285	31,310
Net cash inflow from operating activities	2,045,689	2,428,938

19 Analysis of changes in net funds - group

	1 January 2011 £	Cash flow £	31 December 2011 £
Cash at bank and in hand	3,710,183	897,753	4,607,936
Government advance	(1,193,000)	490,000	(703,000)
Net balance	2,517,183	1,387,753	3,904,936

20 Pension commitments

The company participates in a defined-contribution pension scheme with the assets held in a separate trustee administered fund (see note 5).

The company's and group's pension costs for the year are disclosed in note 4.

Notes to the financial statements for the year ended 31 December 2011 - continued

21 Related party transactions - group

The Government of Gibraltar is the ultimate beneficial owner of the shares in the company and group. Government of Gibraltar departments and their sponsored bodies are the company's principal clients.

The directors consider that Government of Gibraltar departments and their sponsored bodies, in the context of GFRS 8 "Related party transactions", are related parties. Transactions and outstanding balances with related parties as at 31 December 2011 are set out below:

	Government departments and their sponsored bodies 2011 £	Government departments and their sponsored bodies 2010 £
Profit and loss account		
Turnover	**86,891,400**	69,133,638
Balance Sheet		
Trade debtors	**1,619,568**	1,738,407
Advance wages and salaries	**13,288**	-
Short term advance from the Government of Gibraltar	**(703,000)**	(1,193,000)
Taxation and social security	**(176,453)**	(378,139)
Corporation tax	**(198,985)**	(74,807)
Work in progress	**454,369**	438,777
Short term advance with group undertakings	**(1,869,686)**	(855,384)
Unpaid share capital	**(5,000)**	-
Creditors	**(105,475)**	(28,582)
Amounts recoverable on long term contracts	**9,735,028**	9,478,411
Provision for future losses on contracts	**(1,179,983)**	(2,184,940)
Deferred income	**(2,991,937)**	(1,894,269)

22 Ultimate controlling party

The immediate and ultimate parent undertaking of the company is Gibraltar Investment (Holdings) Limited, a company incorporated in Gibraltar.

According to the register kept by the company, Gibraltar Investment (Holdings) Limited has a 100% interest in the share capital of Gibraltar Joinery and Building Services Limited as at 31 December 2011. The directors regard the Government of Gibraltar as the ultimate controlling party by virtue of its 100% interest in the share capital of Gibraltar Investment (Holdings) Limited.

Notes to the financial statements for the year ended 31 December 2011 - continued

23 Post balance sheet events

On 1 September 2012 a special resolution was passed during an extraordinary general meeting of Gibraltar General Construction Company Limited confirming the transfer of £10,000 ordinary shares, which represented the entire shareholding in Gibraltar General Construction Company Limited, from Gibraltar Joinery and Building Services Limited to Economic Development & Employment Company Limited at nominal value.

During August 2012 the entire workforce of Gibraltar General Construction Company Limited were made redundant.

Gibraltar Joinery and Building Services Limited

Analysis of cost of sales for the year ended 31 December 2011 – company

	2011 £	2010 £
Direct costs		
Materials, subcontractors and other costs	**76,468,996**	63,105,178
Direct labour wage cost	**2,558,409**	1,898,903
	79,027,405	65,004,081
Indirect costs		
Supervisory salary cost	**786,742**	391,030
Non-productive wage cost	**432,172**	376,450
Employer's pension cost	**201,994**	177,551
Employer's social insurance	**190,568**	161,633
Depreciation	**376,796**	447,784
Insurance and licenses	**718,164**	338,239
Consumables and protective clothing	**59,192**	69,124
Vehicle running costs	**184,390**	130,583
Other employment costs	**33,039**	28,055
Repairs and maintenance	**38,644**	48,845
Training, health and safety	**54,008**	85,065
Travel expenses	**15,000**	-
Profit on disposal of tangible fixed assets	-	(800)
	3,090,710	2,253,559
	82,118,115	67,257,640

Gibraltar Joinery and Building Services Limited

Analysis of administrative expenses for the year ended 31 December 2011 – company

	2011 £	2010 £
Staff costs		
Office salaries	**1,258,196**	1,249,071
Employer's pension contributions	**62,433**	47,632
Employer's social insurance	**42,083**	42,592
	1,362,712	1,339,295
Other costs		
Telephone	**55,419**	68,133
Audit fees	**40,000**	40,000
Stationery, postage and advertising	**23,337**	32,161
Electricity and water	**21,281**	19,461
Legal fees	**-**	170
General office costs	**22,233**	26,031
Travel and entertaining	**19,570**	21,415
Accountancy and professional fees	**85,325**	68,018
Computer consultancy fees and other costs	**26,999**	21,366
ISO related expenses	**-**	2,322
Bad debts	**279,494**	23,693
Donations	**10,840**	500
Bank charges and differences on exchange	**134,276**	(14,108)
	718,774	309,162
	2,081,486	1,648,457

This page does not form part of the statutory financial statements and has been prepared for management information purposes only.

Gibraltar Joinery and Building Services Limited

Annual report
for the year ended 31 December 2015

Registered number: GICO.25860-78

Gibraltar Joinery and Building Services Limited

Annual report for the year ended 31 December 2015

Statutory information

Company's registered number

GICO.25860-78

Directors

M Estella
W A Crisp
Gibraltar Investment (Directors) Limited

Company Secretary

C Victory	(Resigned on 23 October 2016)
GoC (Secretaries) Limited	(Appointed on 23 October 2016)

Auditors

PwC Gibraltar ("PricewaterhouseCoopers Limited")
327 Main Street
Gibraltar
GX11 1AA

Registered office

206 - 210 Main Street
Gibraltar
GX11 1AA

Principal bankers

The Royal Bank of Scotland International Limited (trading as "NatWest")
National Westminster House
57 Line Wall Road
Gibraltar
GX11 1AA

Directors' report for the year ended 31 December 2015

The directors present their report and the audited financial statements of the company for the year ended 31 December 2015.

Principal activities

Gibraltar Joinery and Building Services Limited ("the company" or "GJBS") is registered in Gibraltar as a private company limited by shares and its principal activity during the year was that of building and joinery contractors.

Review of business and future developments

During the year under review the Company's Turnover reached £136,572,458. This represented a significant increase from the previous year's figure of £102,516,979 and reflected the company's continued involvement in a number of high worth projects such as the Housing Estate at Eastern Beach, the Small Boats Marina, External Refurbishment Works at Laguna Estate, The Airport Tunnel and the new Mental Health Hospital.

Given the completeness of some of these projects it is predicted that the level of activity for the Company for 2016 will experience a considerable decrease.

Results and dividends

The company made a profit after taxation during the year of £3,215,713 (2014: £899,664). No dividends were declared or paid during the current or preceding year.

The company's profit was transferred to reserves which stood at a surplus of £7,810,789 (2014: £4,595,076) as at 31 December 2015.

Key performance indicators ("KPIs")

The company uses a number of financial indicators to assess its performance. These indicators are categorised into profitability, financial strength and the effectiveness of the company. Where there are indications that the performance of the company is deteriorating, remedial action is taken. The financial indicators are shown below:

	2015	2014	2013
Profitability			
Gross profit margin	**3.96%**	2.64%	3.48%
Net profit before tax margin	**2.62%**	0.87%	0.35%
Financial strength			
Current ratio	**1.31**	1.12	1.19
Quick ratio	**1.29**	1.11	1.17
Effectiveness			
Return on capital employed	**41%**	16%	4%

Directors' report for the year ended 31 December 2015 - continued

Directors

The directors who held office during the year and up to the date of signing these financial statements are given below:

M Estella
W A Crisp
Gibraltar Investment (Directors) Limited

Financial risk management objectives and policies

Information on the use of financial instruments by the company and its management of financial risk is disclosed in note 5 to the financial statements, in particular the company's exposure to currency risk, credit risk, liquidity risk and cash flow interest rate risk.

Statement of directors' responsibilities

The directors are responsible for preparing 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 prepared the financial statements in accordance with the applicable law and Gibraltar Accounting Standards including Gibraltar Financial Reporting Standard 102 ("GFRS 102"), The Financial Reporting Standard Applicable in Gibraltar (Gibraltar Generally Accepted Accounting Practice).

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 year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable Gibraltar Financial Reporting Standards, including GFRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; 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 enable them to ensure that the financial statements comply with the Companies Act 2014. 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.

Disclosure of information to auditors

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

Directors' report for the year ended 31 December 2015 - continued

Auditors

The auditors, PricewaterhouseCoopers Limited, have indicated their willingness to continue in office. A resolution concerning their reappointment will be proposed at the Annual General Meeting.

On behalf of the board

GoC (Secretaries) Limited
Company Secretary

Gibraltar

Date: 3 JUL 2018

pwc

Independent auditors' report to the members of Gibraltar Joinery and Building Services Limited

Report on the financial statements

We have audited the financial statements of Gibraltar Joinery and Building Services Limited (the "company") for the year ended 31 December 2015 which comprise the profit and loss account, the balance sheet, the statement of changes in equity, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 257 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Directors' responsibilities for the financial statements

The directors are responsible for the preparation and true and fair presentation of these financial statements in accordance with applicable law in Gibraltar and Gibraltar Financial Reporting Standards ("Gibraltar Generally Accepted Accounting Practice"). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

pwc

Independent auditors' report to the members of Gibraltar Joinery and Building Services Limited - continued

Opinion

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of the company's profit and cash flows for the year then ended;
- have been properly prepared in accordance with Gibraltar Financial Reporting Standards; and
- have been properly prepared in accordance with the Companies Act 2014.

Opinion on other matter prescribed by the Companies Act 2014

In our opinion the Directors' Report has been properly prepared in accordance with the Companies Act 2014 and the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2014 requires us to report to you if, in our opinion:

- we have identified material misstatements in the Directors' Report.
- we have not received all the information and explanations we require for our audit.

Colin Vaughan
Statutory auditor
For and on behalf of
PricewaterhouseCoopers Limited
Gibraltar

3rd July 2018

Profit and loss account for the year ended 31 December 2015

	Note	2015 £	2014 £
Turnover - continuing operations	6	**136,572,458**	102,516,979
Cost of sales		**(131,170,700)**	(99,805,395)
Gross profit – continuing operations		**5,401,758**	2,711,584
Administrative expenses		**(1,927,936)**	(1,864,849)
Operating profit - continuing operations	7	**3,473,822**	846,735
Other income	10	**64,885**	61,985
Interest receivable and similar income	11	**52,432**	23,504
Interest payable and similar charges		**(18,124)**	(32,560)
Profit on ordinary activities before taxation		**3,573,015**	**899,664**
Tax on ordinary activities	12	**(357,302)**	-
Profit for the financial year		**3,215,713**	**899,664**

The company has no recognised gains and losses other than the result above and therefore no separate statement of other comprehensive income has been presented.

Balance sheet as at 31 December 2015

	Note	2015 £	2014 £
Fixed assets			
Tangible assets	13	**1,858,236**	2,041,213
Current assets			
Stocks	14	**1,811,060**	2,451,021
Debtors	15	**20,083,001**	15,765,179
Cash at bank and in hand	19	**7,754,118**	13,954,045
		29,648,179	32,170,245
Creditors: amounts falling due within one year	16	**(22,695,626)**	(28,616,382)
Net current assets		**6,952,553**	3,553,863
Net assets		**8,810,789**	5,595,076
Capital and reserves			
Called up share capital	17	**1,000,000**	1,000,000
Profit and loss account		**7,810,789**	4,595,076
Total shareholders' funds		**8,810,789**	5,595,076

The financial statements on pages 7 to 23 were approved by the board of directors on 3 JUL 2018 and were signed on its behalf by:

M Estella
Director

W A Crisp
Director

T Perera

GOC (Secretaries) Limited

Statement of changes in equity for the year ended 31 December 2015

	Share capital £	Profit and loss account £	Total shareholders' funds £
Balance as at 1 January 2014	1,000,000	3,695,412	**4,695,412**
Profit for the financial year	-	899,664	**899,664**
Balance as at 31 December 2014	1,000,000	4,595,076	**5,595,076**
Profit for the financial year	-	3,215,713	**3,215,713**
Balance as at 31 December 2015	**1,000,000**	**7,810,789**	**8,810,789**

Cash flow statement for the year ended 31 December 2015

	Note	2015 £	2014 £
Net cash (outflow)/inflow from operating activities	18	**(5,373,080)**	10,907,940
Return on investments and servicing of finance			
Interest paid		**(18,124)**	(32,560)
Interest received on bank deposits		**52,433**	23,504
Net cash outflow from return on investments and servicing of finance		**(5,338,771)**	(9,056)
Taxation paid		**(100,000)**	(526,938)
Capital expenditure and financial investment			
Proceeds from disposal of tangible fixed assets		-	1,039
Purchase of tangible fixed assets	13	**(361,156)**	(664,233)
Net cash outflow from capital expenditure and financial investment		**(361,156)**	(663,194)
Net cash (outflow)/inflow before financing		**(5,799,927)**	9,708,752
Financing			
Decrease in short-term Government advances		**(400,000)**	(451,950)
Net cash outflow from financing		**(400,000)**	(451,950)
Net (decrease)/increase in cash	19	**(6,199,927)**	9,256,802

Reconciliation of net cash flow to movement in net funds

	Note	2015 £	2014 £
Net (decrease)/increase in cash during the year		**(6,199,927)**	9,256,802
Movement in short-term Government advances		**400,000**	451,950
Movement in net funds for the year	19	**(5,799,927)**	9,708,752
Net funds at 1 January		**13,585,645**	3,876,893
Net funds at 31 December	19	**7,785,718**	13,585,645

Notes to the financial statements for the year ended 31 December 2015

1 General information

The company is registered in Gibraltar as a private company limited by shares. The principal activity of the company is building and joinery contractors.

The company's registered office was 206 - 210 Main Street, Gibraltar.

2 Statement of compliance

The financial statements of Gibraltar Joinery and Building Services Limited (the "company" or "GJBS") have been prepared in compliance with Gibraltar Financial Reporting Standards, including Gibraltar Financial Reporting Standard 102, "The Financial Reporting Standard Applicable in Gibraltar" ("GFRS 102") and the Companies Act 2014.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Details of the transition to GFRS 102 are disclosed in note 23.

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, the accounting policies set out below, applicable legislation and in accordance with Gibraltar Financial Reporting Standards.

Gibraltar legislation applied in the preparation of these financial statements includes the Companies Act 2014.

The preparation of financial statements in conformity with GFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Turnover

Turnover comprises the value of contracting work executed on long-term contracts during the year and the value of other goods and services supplied.

Turnover on contracts in progress, with costs of £5,000 or greater, is recognised according to the stage reached in the contract by reference to the value of the work done. A prudent estimate of the profit attributable to work completed is recognised once the outcome of the contract can be assessed with reasonable certainty. Costs include all direct expenditure and production overheads based on a normal level of activity.

Rental income

Rental income is received in relation to the letting of space on the company's premises. Rental income is accounted for on an accruals basis.

Notes to the financial statements for the year ended 31 December 2015 - continued

3 Summary of significant accounting policies - continued

Foreign currencies

(i) Functional and presentation currency

Items included in these financial statements are measured and presented using Pound Sterling (£), the currency of the primary economic environment in which the company operates (the 'functional currency'), which is also the company's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account. The company does not have any non-monetary assets and liabilities denominated in foreign currencies.

Fixed assets

Tangible fixed assets are carried at cost. Cost represents purchase cost together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned which are considered to be:

Motor vehicles	4 to 10 years
Fixed plant, machinery and equipment	5 to 15 years
Office equipment	4 years
Buildings and improvements to premises	25 years

Impairment

Fixed assets are subject to an impairment review if there are events or changes in circumstances that indicate that their carrying amount may not be fully recoverable. The impairment review comprises a comparison of the carrying amount of the fixed assets with its recoverable amount, which is the higher of net realisable value and value in use. The carrying value of the fixed asset is written down by the amount of any impairment and this loss is recognised in the profit and loss account in the period in which it occurs. If the occurrence of an external event gives rise to the reversal of an impairment loss, the reversal is recognised in the profit and loss account and by increasing the carrying amount of the fixed asset in the period in which it occurs. The carrying amount of the fixed asset will only be increased up to the amount that it would have been had the original impairment not occurred.

Pensions

The company participates in a defined-contribution scheme. The cost of the contribution is charged against the profit or loss in the period to which the contribution relates.

Notes to the financial statements for the year ended 31 December 2015 - continued

3 Summary of significant accounting policies - continued

Financial instruments

The company has chosen to adopt Sections 11 and 12 of GFRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other debtors, and cash at bank and in hand balances are initially recognised at transaction price, unless the arrangement constitutes a financing transactions, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for bad debt and if an asset is deemed non-recoverable a write-off is recognised in the profit and loss account.

Financial assets are derecognised when (a) contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risk and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated or third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including amounts due to related parties, trade and other creditors are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measure at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Other creditors and accruals are classified as creditor amounts due within one year if payment is due within one year or less. If not, they are presented as creditor amounts due after more than one year. Other creditors and accruals are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the debtor and settle the creditor simultaneously.

Stocks and work-in-progress

Stocks and work-in-progress are stated at the lower of cost and net realisable value.

In the case of stocks of materials and consumables, cost is determined on a weighted average basis and includes transport and handling costs.

In the case of short-term work-in-progress, which represents minor construction contracts with a value under £5,000, costs include all direct expenditure and production overheads based on a normal level of activity.

Where necessary, provision is made for obsolete, slow moving and defective stocks.

Notes to the financial statements for the year ended 31 December 2015 - continued

3 Summary of significant accounting policies - continued

Long-term contracts

Long-term contracts represent major construction contracts with a value of £5,000 or greater. Costs include all direct expenditure and production overheads based on a normal level of activity.

The amount of long-term contracts, at costs incurred, net of amounts transferred to cost of sales, after deducting foreseeable losses and payments on account not matched with turnover, is included in work-in-progress and stock as long-term contract balances. The amount by which recorded turnover is in excess of payments on account is included in debtors as amounts recoverable on long-term contracts ("accrued income"). Payments in excess of recorded turnover and long-term contract balances are included in creditors as payments received on account on long-term contracts ("deferred income"). The amount by which provisions or accruals for foreseeable losses exceed costs incurred, after transfers to cost of sales, is included within creditors.

Provision is made for all losses expected to arise up to the completion of contracts in progress or entered into up to the balance sheet date, whether or not work has commenced.

Operating leases

Rentals payable under operating leases are charged to the profit and loss account as incurred over the lease term.

Current taxation

Provision is made at the applicable rate for corporation tax payable on the results for the year, as adjusted for tax purposes.

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 are differences between the taxable profits and the results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted by the balance sheet date.

Deferred tax is measured on a non-discounted basis.

Cash flow statement

Cash flows are defined as increases or decreases in cash. Cash includes cash in hand, deposits with banks repayable on demand and short-term borrowing from the Government of Gibraltar. Deposits are repayable on demand if they are in practice available within twenty-four hours. Liquid resources, for cash flow purposes, are classified as deposits with banks which are repayable after more than one day.

Going concern

In assessing going concern, the directors have considered a period of at least twelve months from the date of approval of these financial statements.

Notes to the financial statements for the year ended 31 December 2015 - continued

4 Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Revenue recognised on long-term contracts

In accordance with accounting requirements and the company's accounting policy, the company recognises revenue on long term contracts according to the stage reached in the contract by reference to the value of work done. In order to determine the correct value of revenue to be recognised, the company applies a percentage of completion to the overall value of the sales contract. This percentage is determined by dividing the cumulative costs incurred to date against the total costs expected to be incurred at completion. Determining these total costs at completion is subjective and complex and so, management rely on the expertise of its in-house qualified quantity surveyors to continually assess each individual project based upon the specific requirements of each job and the economic environment.

(ii) Provision for future losses

Provisions are made for all known or expected future losses on individual contracts once such losses are foreseen. This is based on the excess of total costs expected to be incurred at completion over the total contract revenue of each individual project. Determining these total costs at completion is subjective and complex. As at the balance sheet date, the company has determined and recorded future expected losses on its contracts in progress amounting to £2,710,810 (2014: £3,155,210).

5 Management of financial risk

The company's operations expose it to a variety of financial risks that include the effects of currency risk, credit risk, liquidity risk and cash flow interest rate risk. The company seeks to limit the adverse effects on the financial performance of the company by monitoring levels of exposure.

(a) Currency risk

The company is exposed to currency risk in respect of its purchases of goods denominated in foreign currencies. The most significant currency to which the company is exposed to is the Euro. As the majority of the company's purchases are denominated in Pound Sterling and all Euro denominated purchases are made in cash, the company has very little exposure to currency risk.

(b) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The company has implemented policies that require appropriate credit checks on potential customers before contracts for services are entered into with them. As the majority of the company's sales contracts are with the Government of Gibraltar, the company's exposure to credit risk is limited.

(c) Liquidity risk

The company actively maintains short-term finance that is designed to ensure that the company has sufficient available funds for operations. The company maintains short-term flexibility in funding by receipt of advance payments from the Government in proportion to the work completed prior to the actual certification by Government surveyors.

Notes to the financial statements for the year ended 31 December 2015 - continued

5 Management of financial risk - continued

(d) Cash flow interest rate risk

The company is exposed to changes in interest rates, primarily due to its financing and cash management activities. This risk is considered to be minimal to the company as the short-term advance provided by the Government of Gibraltar is interest free.

6 Segmental reporting

The company's activities consist solely of the completion of building and joinery contracting in Gibraltar.

	2015 **£**	2014 £
Government of Gibraltar departments and sponsored bodies	**123,952,023**	102,510,247
Commercial work	**12,620,435**	6,732
	136,572,458	102,516,979

7 Operating profit

	2015 **£**	2014 £
Operating profit is stated after charging:		
Wages and salaries	**5,335,282**	6,582,257
Social security costs	**204,675**	254,120
Other pension costs (see note 20)	**414,438**	497,411
Staff costs	**5,954,395**	7,333,788
Bad debts	**75,071**	-
Depreciation of tangible fixed assets	**544,133**	631,199
Audit fees	**50,110**	61,177
Gain on disposal of tangible fixed assets	-	381

Notes to the financial statements for the year ended 31 December 2015 - continued

8 Employee information

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

	2015	2014
By activity:		
Production	**79**	81
Administration	**39**	42
	118	123

One of the directors of the company is a member of the Gibraltar Provident Trust Fund (No. 2) Pension Scheme, which is the defined-contribution scheme that the company participates in.

9 Directors emoluments

The company's directors did not receive emoluments from the company for their services as directors during the current or preceding year. One director receives emoluments in his capacity as the managing director of the company and under the provisions of the Companies Act 2014 (schedule 16, paragraph 4) these emoluments are not disclosed.

10 Other income

	2015 **£**	2014 £
Rental income receivable	**6,533**	6,533
Other income receivable	**58,352**	55,452
	64,885	61,985

11 Interest receivable and similar income

	2015 **£**	2014 £
Bank interest receivable	**52,432**	23,504

Notes to the financial statements for the year ended 31 December 2015 - continued

12 Tax on profit on ordinary activities

(a) Analysis of tax charge for the year

	2015 £	2014 £
Current tax		
Tax on profit on ordinary activities	**357,302**	-

(b) Factors affecting tax charge for the year

	2015 £	2014 £
Profit on ordinary activities before taxation	**3,573,015**	899,664
Notional tax at 10%	**357,302**	89,966
Effects of:		
Losses available to carry forward	**-**	(89,966)
Current tax charge for the year	**357,302**	-

Notes to the financial statements for the year ended 31 December 2015 - continued

13 Tangible assets

	Motor vehicles £	Fixed plant, machinery & equipment £	Office equipment £	Buildings & improvements to premises £	**Total £**
Cost					
At 1 January 2015	1,694,896	2,539,724	413,367	1,012,133	5,660,120
Additions	234,420	69,425	37,549	19,762	361,156
Disposals	(14,994)	(19,787)	-	-	(34,781)
At 31 December 2015	**1,914,322**	**2,589,362**	**450,916**	**1,031,895**	**5,986,495**
Accumulated depreciation					
At 1 January 2015	1,123,957	1,860,506	402,861	231,583	3,618,907
Charge for the year	266,846	206,159	20,990	50,138	544,133
Disposal	(14,994)	(19,787)	-	-	(34,781)
At 31 December 2015	**1,375,809**	**2,046,878**	**423,851**	**281,721**	**4,128,259**
Net book value					
At 31 December 2015	**538,513**	**542,484**	**27,065**	**750,174**	**1,858,236**
At 31 December 2014	570,939	679,218	10,506	780,550	2,041,213

14 Stocks

	2015 £	2014 £
Raw materials and consumables	**294,364**	269,469
Short-term work-in-progress	**1,516,696**	2,181,552
	1,811,060	2,451,021

Notes to the financial statements for the year ended 31 December 2015 - continued

15 Debtors

	2015 £	2014 £
Trade debtors	**12,194,017**	8,248,768
Other debtors	**236,581**	432,807
Corporation tax	**269,636**	526,938
Amounts recoverable on contracts	**7,351,167**	6,556,666
Government of Gibraltar - short-term advance	**31,600**	-
	20,083,001	15,765,179

16 Creditors: amounts falling due within one year

		2015 £	2014 £
Government of Gibraltar - short-term advance		**-**	368,400
Trade creditors		**15,458,142**	13,321,994
Other creditors	(i)	**113,563**	226,271
Taxation and social security		**91,954**	91,954
Amounts due to related parties	(ii)	**14,061**	308,145
Provision for future losses on contracts		**2,710,810**	3,155,210
Deferred income		**4,209,814**	11,058,159
Accruals		**97,282**	86,249
		22,695,626	28,616,382

(i) Included in other creditors are pension contributions payable amounting to £15,406 (2014: £25,226).

(ii) The amounts due to Gibraltar General Construction Company Limited (GGCC) are unsecured, interest free and has no fixed date of repayment. GGCC and the company share the same ultimate controlling party.

Notes to the financial statements for the year ended 31 December 2015 - continued

17 Called up share capital

	2015 £	2014 £
Authorised, issued and fully paid		
1,000,000 ordinary shares of £1 each	**1,000,000**	1,000,000

18 Cash flow from operating activities

	2015 £	2014 £
Operating profit - continuing operations	**3,473,822**	846,735
Depreciation of tangible fixed assets	**544,133**	631,199
Gain on disposal of tangible fixed assets	**-**	381
Other income	**64,885**	61,985
Decrease/(increase) in stocks	**639,961**	(1,530,448)
Increase in trade debtors	**(3,945,249)**	(2,891,725)
Increase in other debtors and amounts recoverable on contracts	**(598,277)**	(989,655)
Increase in trade creditors	**2,136,148**	6,244,932
Decrease in amounts due to related entities	**(294,083)**	(57,308)
(Decrease)/increase in provision for future losses	**(444,400)**	1,703,856
(Decrease)/increase in other creditors	**(112,708)**	40,624
(Decrease)/increase in deferred income	**(6,848,345)**	6,842,516
Increase in accruals	**11,033**	4,848
Net cash (outflow)/inflow from operating activities	**(5,373,080)**	10,907,940

19 Analysis of changes in net funds

	1 January 2015 £	Cash flow £	**31 December 2015 £**
Cash at bank and in hand	13,954,045	(6,199,927)	**7,754,118**
Government advance	(368,400)	400,000	**31,600**
Net balance	13,585,645	(5,799,927)	**7,785,718**

Notes to the financial statements for the year ended 31 December 2015 - continued

20 Pension commitments

The company participates in a defined-contribution pension scheme with the assets held in a separate trustee administered fund (see note 7).

The company's pension costs for the year are disclosed in note 7.

21 Related party transactions

HM Government of Gibraltar is the ultimate beneficial owner of the company. HM Government of Gibraltar departments and their sponsored bodies are the company's principal clients.

HM Government of Gibraltar departments and their sponsored bodies, in the context of GFRS 102 section 33 are considered related parties. Transactions and outstanding balances with these related parties as at 31 December 2015 are set out as below.

Government departments and their sponsored bodies	2015 £	2014 £
Profit and loss account		
Turnover	**123,952,023**	102,510,247
Other income	**58,332**	55,452
Stock		
Short-term work-in-progress	**1,458,613**	2,181,552
Debtors		
Trade debtors	**12,116,805**	8,248,768
Other debtors	**227,821**	203,635
Amounts recoverable on long-term contracts	**6,013,179**	6,556,666
Government of Gibraltar short-term advance	**31,600**	-
Creditors		
Government of Gibraltar short-term advance	-	(368,400)
Taxation and social security	**(91,954)**	(91,954)
Provision for future losses on contracts	**(2,524,136)**	(3,155,210)
Deferred income	**(4,209,814)**	(11,058,159)

Notes to the financial statements for the year ended 31 December 2015 - continued

21 Related party transactions - continued

The below entities are considered to be related parties due to close family members of a Director of the company owning controlling interests in these entities. Transactions and outstanding balances with these related parties as at 31 December 2015 are set out as below.

Privately owned entities	**2015** **£**	2014 £
Expenditure		
HSE Consulting Limited	**3,430,921**	3,063,726
HSE Consulting Outsourcing Limited	**1,384,915**	463,972
Rock Administrative Services (Gibraltar) Limited	**2,472,702**	988,122
Creditors		
HSE Consulting Limited	**(444,239)**	(489,655)
HSE Consulting Outsourcing Limited	**(21,528)**	(2,585)
Rock Administrative Services (Gibraltar) Limited	**(85,022)**	(33,288)

All of the above transactions entered into with privately owned related parties are done so on a commercial basis.

22 Ultimate controlling party

The immediate and ultimate parent undertaking of the company is Gibraltar Investment (Holdings) Limited, a limited company incorporated in Gibraltar.

According to the register kept by the company, Gibraltar Investment (Holdings) Limited has a 100% interest in the share capital of the company as at 31 December 2015. The directors regard HM Government of Gibraltar as the ultimate controlling party by virtue of its 100% interest in the share capital of Gibraltar Investment (Holdings) Limited.

23 Transition to GFRS 102

This is the first year that the company has presented the results under GFRS 102. The date of transition to GFRS 102 was 1 January 2014. The directors have reviewed the accounts and noted that no significant transitional adjustments were required as a result of the adoption of GFRS 102, apart from the inclusion of a statement of changes in equity.

Gibraltar Joinery and Building Services Limited

Analysis of cost of sales for the year ended 31 December 2015

		2015 £	2014 £
Direct costs			
Materials, subcontractors and other costs		**125,002,377**	93,245,983
Direct labour wage cost		**2,225,842**	2,452,589
Reversal of amounts no longer payable	(i)	**140,787**	(1,236,741)
		127,369,006	94,461,831
Indirect costs			
Supervisory salary cost		**1,066,985**	2,283,034
Non-productive wage cost		**595,850**	443,311
Employer's pension cost		**293,541**	381,839
Employer's social insurance		**158,473**	209,116
Depreciation		**544,133**	631,199
Insurance and licenses		**402,902**	384,744
Consumables and protective clothing		**49,087**	84,858
Vehicle running costs		**196,458**	259,620
Other employment costs		**50,250**	42,827
Repairs and maintenance		**49,405**	141,446
Training, health and safety		**81,719**	179,953
Technical, engineering and supervisory costs		**312,891**	301,617
		3,801,694	5,343,564
		131,170,700	99,805,395

(i) During 2014 creditor balances were reviewed against creditors' statements. Some balances were found to be no longer payable. These have been included as a reversal of amounts no longer payable within direct cost of sales.

Gibraltar Joinery and Building Services Limited

Analysis of administrative expenses for the year ended 31 December 2015

	2015 £	2014 £
Staff costs		
Office salaries	**1,446,605**	1,403,323
Employer's pension contributions	**120,897**	115,572
Employer's social insurance	**46,202**	45,004
	1,613,704	1,563,899
Other costs		
Telephone	**76,309**	116,613
Accounting and audit fees	**50,110**	61,177
Stationery, postage and advertising	**30,910**	27,561
Electricity and water	**25,531**	13,296
General office costs	**31,288**	26,026
Travel and entertaining	**13,074**	21,740
Computer consultancy fees and other costs	**70,113**	48,097
Bad debts	**75,071**	-
Donations	**15,100**	11,200
Bank charges and differences on exchange	**(73,274)**	(25,141)
Gain on disposal of tangible fixed assets	**-**	381
	314,232	300,950
	1,927,936	1,864,849