REGISTRY OF COMPANIES
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GIBRALTAR

# Gibraltar Joinery and Building Services Limited

**Annual report**
**for the year ended 31 December 2015**

**Registered number: GICO.25860-78**

GOVERNMENT
RECOVERY

CO-25860-2639423
GIBRALTAR JOINERY AND BUIL
Document 461 (3)
ANNUAL FILING OF ACCOUNTS
YEAR ENDING 31/12/2015

# 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

**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.

*PricewaterhouseCoopers Limited, 327 Main Street, Gibraltar*
*T: +350 200 73520,* www.pwc.gi

Registered in Gibraltar: Number 94799

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<br>£ | 2014<br>£ |
|---|---|---|
| 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<br>£ | 2014<br>£ |
|---|---|---|
| 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<br>£ | 2014<br>£ |
|---|---|---|---|
| **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 |

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