

Company Registration No. SC242516 (Scotland)

MALAKOFF LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2017
PAGES FOR FILING WITH REGISTRAR

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MALAKOFF LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2017**

	Notes	2017 £	£	2016 £	£
Fixed assets					
Intangible assets	5		-		-
Tangible assets	6		1,910,005		1,690,110
Investments	7		303		303
			<u>1,910,308</u>		<u>1,690,413</u>
Current assets					
Stocks		824,338		803,776	
Debtors	8	1,173,383		968,398	
Cash at bank and in hand		2,591		10,267	
		<u>2,000,312</u>		<u>1,782,441</u>	
Creditors: amounts falling due within one year	9	<u>(1,517,412)</u>		<u>(1,719,980)</u>	
Net current assets			<u>482,900</u>		<u>62,461</u>
Total assets less current liabilities			<u>2,393,208</u>		<u>1,752,874</u>
Creditors: amounts falling due after more than one year	10		(972,651)		(367,344)
Deferred income			<u>(35,525)</u>		<u>(5,270)</u>
Net assets			<u>1,385,032</u>		<u>1,380,260</u>
Capital and reserves					
Called up share capital	11		200,000		150,000
Share premium account			50,000		-
Capital redemption reserve			100,000		100,000
Profit and loss reserves			<u>1,035,032</u>		<u>1,130,260</u>
Total equity			<u>1,385,032</u>		<u>1,380,260</u>

MALAKOFF LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2017

The directors of the company have elected not to include a copy of the income statement within the financial statements.

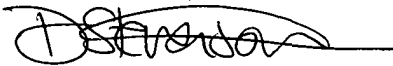
For the financial year ended 31 December 2017 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 25 September 2018 and are signed on its behalf by:



D Stevenson
Director

MALAKOFF LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2016		150,000	-	100,000	1,007,561	1,257,561
Year ended 31 December 2016:						
Profit and total comprehensive income for the year		-	-	-	122,699	122,699
Balance at 31 December 2016		150,000	-	100,000	1,130,260	1,380,260
Year ended 31 December 2017:						
Loss and total comprehensive income for the year		-	-	-	(95,228)	(95,228)
Issue of share capital	11	50,000	50,000	-	-	100,000
Balance at 31 December 2017		200,000	50,000	100,000	1,035,032	1,385,032

MALAKOFF LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

Company information

Malakoff Limited is a private company limited by shares incorporated in Scotland (SC242516). The registered office is North Ness, Lerwick, Shetland, ZE1 0LZ.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption from preparing group accounts on the basis that it qualifies as small and can take the exemptions under the small companies regime. The financial statements present information about the company as an individual entity and not about its group.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Intangible fixed assets

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

MALAKOFF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (Continued)

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values on a straight line basis over their useful lives on the following bases:

Intellectual property	10 Years
Goodwill	10 Years

In the opinion of the directors these periods represents the best possible estimate of the useful life of the assets. Intangible assets are now fully amortised.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	50 Years
Plant and machinery	3 - 10 Years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal levels of activity. Provision is made for any foreseeable losses where appropriate. Profit is taken into the valuation of work in progress where the outcome of the final job is known.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

MALAKOFF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (Continued)

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

Where the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as expenses in the period in which they are incurred and contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable.

The "percentage of completion method" is used to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. These costs are presented as stocks, prepayments or other assets depending on their nature, and provided it is probable they will be recovered.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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 asset and settle the liability simultaneously.

Basic financial assets

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

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

MALAKOFF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (Continued)

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

MALAKOFF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (Continued)

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Lease accounting

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Company as lessee, or the lessee, where the Company is a lessor. The carrying values of obligations under finance leases are shown at notes 10 and 11.

MALAKOFF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

2 Judgements and key sources of estimation uncertainty (Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Tangible fixed assets - useful lives

Management have to make estimates of the useful economic lives and residual values of tangible fixed assets. These estimates affect the depreciation charge and the carrying value of fixed assets. The depreciation charge and carrying value of fixed assets are shown in note 6.

Construction contracts

For construction contracts management have to make estimates of the stage of completion of the contract activity at the end of the reporting period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. The gross amounts due from contract customers are shown in note 9.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was 103 (2016 - 107).

4 Directors' remuneration

	2017 £	2016 £
Remuneration paid to directors	91,449	59,317

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2016 - 1).

5 Intangible fixed assets

	Goodwill £	Intellectual property £	Total £
Cost			
At 1 January 2017 and 31 December 2017	10,000	10,000	20,000
Amortisation and impairment			
At 1 January 2017 and 31 December 2017	10,000	10,000	20,000
Carrying amount			
At 31 December 2017	-	-	-
At 31 December 2016	-	-	-

MALAKOFF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

6 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 January 2017	567,674	2,623,106	3,190,780
Additions	65,486	395,857	461,343
Disposals	-	(35,579)	(35,579)
At 31 December 2017	633,160	2,983,384	3,616,544
Depreciation and impairment			
At 1 January 2017	126,734	1,373,936	1,500,670
Depreciation charged in the year	12,336	229,082	241,418
Eliminated in respect of disposals	-	(35,549)	(35,549)
At 31 December 2017	139,070	1,567,469	1,706,539
Carrying amount			
At 31 December 2017	494,090	1,415,915	1,910,005
At 31 December 2016	440,940	1,249,170	1,690,110

7 Fixed asset investments

	2017 £	2016 £
Investments	303	303

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Movements in fixed asset investments

	Shares in group undertakings	Other investments other than loans	Total
	£	£	£
Cost or valuation			
At 1 January 2017 & 31 December 2017	3	300	303
Carrying amount			
At 31 December 2017	3	300	303
At 31 December 2016	3	300	303

MALAKOFF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

8 Debtors

	2017	2016
	£	£
Amounts falling due within one year:		
Trade debtors	568,034	700,172
Gross amounts due from contract customers	415,282	186,682
Other debtors	53,354	1,079
Prepayments and accrued income	77,680	61,648
	<u>1,114,350</u>	<u>949,581</u>
Deferred tax asset	59,033	18,817
	<u>1,173,383</u>	<u>968,398</u>

9 Creditors: amounts falling due within one year

	2017	2016
	£	£
Bank loans and overdrafts	199,122	655,401
Obligations under finance leases	112,524	69,367
Other borrowings	95,800	124,300
Payments received on account	9,866	55,558
Trade creditors	777,591	465,258
Other taxation and social security	186,634	257,150
Other creditors	69,458	-
Accruals and deferred income	66,417	92,946
	<u>1,517,412</u>	<u>1,719,980</u>

10 Creditors: amounts falling due after more than one year

	2017	2016
	£	£
Bank loans and overdrafts	728,808	109,924
Obligations under finance leases	143,843	57,420
Other borrowings	100,000	200,000
	<u>972,651</u>	<u>367,344</u>

Bank loans and overdrafts totalling £927,930 are secured as follows:

- 1) Bond and floating charge over all company assets.
- 2) Standard security over subjects at Westshore, Scalloway, Shetland.
- 3) Standard security over subjects at North Ness, Lerwick, Shetland.
- 4) Standard security over workshop, stores, pier and shed at Westshore, Scalloway, Shetland.
- 5) Standard security over jetties, bulwark, pier and slipway at North Ness, Lerwick, Shetland.
- 6) Ship's mortgage over workboat MV Brenda.

MALAKOFF LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

10 Creditors: amounts falling due after more than one year (Continued)

Amounts included above which fall due after five years are as follows:

Payable by instalments	-	45,750
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11 Called up share capital

	2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
200,000 Ordinary shares of £1 each	200,000	150,000
	<u>200,000</u>	<u>150,000</u>

Reconciliation of movements during the year:

	Ordinary Number
At 1 January 2017	-
Issue of fully paid shares	50,000
At 31 December 2017	<u>50,000</u>

During the year, 50,000 ordinary shares with a nominal value of £50,000 were issued for cash consideration of £100,000.

12 Financial commitments, guarantees and contingent liabilities

There are contingent liabilities to pay back any grants received if conditions are breached.

13 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, which does not include the remuneration paid to the directors as disclosed at the directors remuneration note, is as follows.

	2017 £	2016 £
Aggregate compensation	<u>366,808</u>	<u>385,883</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

The following amounts were outstanding at the reporting end date:

Loans have been advanced from the directors and members of the key management personnel. These balances are unsecured, interest free and are repayable on demand. During the year £100,000 was repaid by the issue of shares and a further £28,500 repaid in cash.

An agreement was reached with a director that repayment of his loan of £100,000 is to be deferred. This balance is included in "Other borrowings" in creditors falling due after more than one year. All other amounts due to related parties are included in "Other borrowings" in creditors falling due within one year.

The following amounts were outstanding at the reporting end date:

	Balance	2016 Provision	Net
Amounts owed in previous period	£	£	£
Entities over which the entity has control, joint control or significant influence	250,481	250,481	-

The balance due from the subsidiary company above relates to expenses paid for on its behalf by the parent company. The balance has been provided for in full at the year end.

No guarantees have been given or received.