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Company Registration No. SC242516 (Scotland)

MALAKOFF LIMITED

UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2018

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Company Registration No. SC242516

MALAKOFF LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	6		2,165,615		1,910,005
Investments	7		303		303
			2,165,918		1,910,308
Current assets					
Stocks		411,856		824,338	
Debtors	8	1,300,659		1,173,383	
Cash at bank and in hand		393		2,591	
		1,712,908		2,000,312	
Creditors: amounts falling due within one year	9	(1,507,595)		(1,517,412)	
Net current assets			205,313		482,900
Total assets less current liabilities			2,371,231		2,393,208
Creditors: amounts falling due after more than one year	10		(894,357)		(972,651)
Deferred income			(57,960)		(35,525)
Net assets			1,418,914		1,385,032
Capital and reserves					
Called up share capital	11		200,000		200,000
Share premium account			50,000		50,000
Revaluation reserve			136,516		-
Capital redemption reserve			100,000		100,000
Profit and loss reserves			932,398		1,035,032
Total equity			1,418,914		1,385,032

MALAKOFF LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2018

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

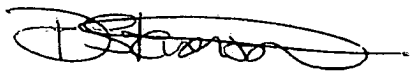
For the financial year ended 31 December 2018 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

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 Companies Act 2006 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 26 September 2019 and are signed on its behalf by:



D Stevenson
Director

MALAKOFF LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share capital £	Share premium account £	Revaluation reserve £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2017		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
Year ended 31 December 2018:							
Loss for the year		-	-	-	-	(102,634)	(102,634)
Other comprehensive income net of taxation:							
Revaluation of tangible fixed assets		-	-	164,477	-	-	164,477
Tax relating to other comprehensive income		-	-	(27,961)	-	-	(27,961)
Total comprehensive income for the year		-	-	136,516	-	(102,634)	33,882
Balance at 31 December 2018		200,000	50,000	136,516	100,000	932,398	1,418,914

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, modified to include the revaluation of workboats. 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.

Going concern

While the company has reported a loss for both the current and comparative years, the company has achieved a profit following the balance sheet date. Bank facilities continue to be made available to the company and the directors, at the date of signing this report, believe that this will not change in the foreseeable future.

It is the opinion of the directors that the company is a going concern. Accordingly the financial statements do not include any adjustments that would result from the going concern basis not being appropriate.

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 - goodwill

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. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

1 **Accounting policies (Continued)**

Intangible fixed assets other than goodwill
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 where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably.

Research expenditure is written off against profits for 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.

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

In the opinion of the directors this period 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
Leasehold land and buildings	4 Years
Plant and machinery	3 - 15 Years
Motor vehicles	4 Years
Workboats	25 Years

Assets in the course of construction are not depreciated.

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.

1 **Accounting policies (Continued)**

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.

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.

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. There are no Section 12 Financial Instruments in the current or prior year.

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.

1 **Accounting policies (Continued)**

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.

Basic financial liabilities
Basic financial liabilities, including trade and other creditors, bank loans and overdrafts 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 transaction 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 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 date.

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.

1 Accounting policies (Continued)

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.

Leases
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the company. 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 profit or loss 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 profit or loss on a straight line basis over the term of the relevant lease.

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 Change in accounting policy

The company has adopted a policy of holding workboats at valuation in the year. Previously, workboats were held on the historical cost basis and included within plant and equipment in tangible fixed assets.

3 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.

The directors consider that no judgements (apart from those involving estimates) are used which are critical to the financial statements.

3 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 the notes to the financial statements.

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 the notes to the financial statements.

Revaluation of workboats
Workboats are carried at revaluation less subsequent accumulated depreciation and impairment. The revaluations are made by independent qualified surveyors who are not connected with the company. The surveyor's transactions are based on recent market transactions on an arm's length basis for similar vessels. Estimation is involved but the directors are of the opinion that the surveyors are suitably qualified and independent to provide a reliable valuation. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. The market is stable locally and therefore revaluations are made every three to five years.

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was 101 (2017 - 103).

5 Intangible fixed assets

	Goodwill	Intellectual property	Total
	£	£	£
Cost			
At 1 January 2018 and 31 December 2018	10,000	10,000	20,000
Amortisation and impairment			
At 1 January 2018 and 31 December 2018	10,000	10,000	20,000
Carrying amount			
At 31 December 2018	-	-	-
At 31 December 2017	-	-	-

6 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Workboats	Total
	£	£	£	£
Cost or valuation				
At 1 January 2018	633,160	2,983,384	-	3,616,544
Additions	136,397	90,878	135,523	362,798
Disposals	-	(167,465)	-	(167,465)
Revaluation	-	-	164,477	164,477
Transfers	-	(480,000)	480,000	-
At 31 December 2018	769,557	2,426,797	780,000	3,976,354
Depreciation and impairment				
At 1 January 2018	139,070	1,567,469	-	1,706,539
Depreciation charged in the year	24,887	227,578	19,200	271,665
Eliminated in respect of disposals	-	(167,465)	-	(167,465)
Transfers	-	(22,400)	22,400	-
At 31 December 2018	163,957	1,605,182	41,600	1,810,739
Carrying amount				
At 31 December 2018	605,600	821,615	738,400	2,165,615
At 31 December 2017	494,090	1,415,915	-	1,910,005

The workboat MV Brenda with a carrying amount of £480,000 was revalued as at 14 November 2015 by J.L.B. Surveys, independent valuers not connected with the company on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar vessels. The directors consider there has been no material change in the fair value of the workboat since that date.

The workboat MV Norna with a carrying amount of £135,523 was revalued as at 2 May 2019 to £350,000 by J.L.B. Surveys, independent valuers not connected with the company on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar vessels. As work on MV Norna was ongoing at the balance sheet date, the directors consider that the best estimate of the value of the workboat as at 31 December 2018 was £300,000.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2018	2017
	£	£
Cost	615,523	480,000
Accumulated depreciation	(41,600)	(22,400)
Carrying value	573,923	457,600

7 Fixed asset investments

	2018	2017
	£	£
Investments	303	303

Movements in fixed asset investments

	Shares in group undertakings	Other investments other than loans	Total
	£	£	£
Cost or valuation			
At 1 January 2018 & 31 December 2018	3	300	303
Carrying amount			
At 31 December 2018	3	300	303
At 31 December 2017	3	300	303

8 Debtors

	2018	2017
Amounts falling due within one year:	£	£
Trade debtors	662,922	568,034
Gross amounts due from contract customers	480,190	415,282
Other debtors	42,348	53,354
Prepayments and accrued income	61,426	77,680
	1,246,886	1,114,350
Deferred tax asset	53,773	59,033
	1,300,659	1,173,383

9 Creditors: amounts falling due within one year

	2018	2017
	£	£
Bank loans and overdrafts	395,892	199,122
Obligations under finance leases	90,406	112,524
Other borrowings	96,300	95,800
Payments received on account	6,984	9,866
Trade creditors	651,627	777,591
Taxation and social security	178,842	186,634
Other creditors	-	69,458
Accruals and deferred income	87,544	66,417
	1,507,595	1,517,412

10 Creditors: amounts falling due after more than one year

	2018	2017
	£	£
Bank loans and overdrafts	701,629	728,808
Obligations under finance leases	92,728	143,843
Other borrowings	100,000	100,000
	894,357	972,651

Bank loans and overdrafts totalling £1,097,521 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) Ship's mortgage over workboat MV Brenda.

11 Called up share capital

	2018	2017
	£	£
Ordinary share capital		
Issued and fully paid		
200,000 Ordinary shares of £1 each	200,000	200,000
	200,000	200,000

During the prior 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

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2018 £	2017 £
Directors	169,000	168,500
Key management personnel	27,300	27,300

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 £48,500 was advanced by directors and £48,000 was 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:

Amounts due from related parties	Balance £	2018 Provision £	Net £
Entities over which the entity has control, joint control or significant influence	254,222	254,222	-

Amounts due in previous period	Balance £	2017 Provision £	Net £
Entities over which the entity has control, joint control or significant influence	252,111	252,111	-

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.