

Fortel Services Limited

**Annual report and financial statements
for the year ended 30 September 2013**

Registered number: 03559714

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Fortel Services Limited

Annual report and financial statements for the year ended 30 September 2013

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Fortel Services Limited

Directors and advisors for the year ended 30 September 2013

Directors

S S Nijjer
M S Tour
A Sandhawalia

Registered office

35 Wednesfield Road
Willenhall
West Midlands
WV13 1AE

Registered number

03559714

Independent auditors

PricewaterhouseCoopers LLP
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Principal bankers

NatWest
30 King Street
Gravesend
DA12 2DU

Fortel Services Limited

Strategic report for the year ended 30 September 2013

The Directors present their strategic report for the year ended 30 September 2013.

Principal activities

The principal activity of the company during the period was the provision of sub-contract works and manpower services to the construction industry.

Results and dividends

The profit for the year before taxation was £2,479,513 (2012: £3,043,124). The directors have paid a dividend of £5,901,000 in the period (2012: £200,000).

The results for the year are shown in the profit and loss account on page 8. The Directors regard the result as satisfactory.

Business review and key performance indicators

The board have developed a strategy that focuses on our clients, supply chain partners and other stakeholders to create a sustainable business delivering products and services in tune with the markets requirements.

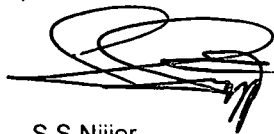
The market has seen some competitors exit and therefore the number of opportunities has grown. Fortel Services Limited remains focussed on key industry sectors and have been successful in winning work by ensuring procurement processes achieve the best value by working proactively and in partnership with our supply chain as well as creating a better environment for our staff. The Directors have reported an increase in turnover of 12.1% on prior year and a gross profit margin of 14.1% (2012: 15.6%).

Operating throughout the UK, Fortel Services Limited ("Fortel") provides manpower and construction services to the majority of the UK Contractors Group and with the construction and services divisions of many more major UK contractors. Fortel's offering is an encompassing and well-managed manpower or construction solution, embracing leading thoughts on health and safety, as well as IT, for the built environment and infrastructure.

Future developments

The business strategy and governance has benefited greatly from the Board appointment of Mr John Pilkington and will actively seek to strengthen further the executive team to drive growth, whilst remaining acquisitive for opportunities that would fit strategically to support the business, and its growth into new sectors.

By order of the board



S S Nijjer
Director
13 June 2014

Fortel Services Limited

Directors' report for the year ended 30 September 2013

The Directors present their annual report and the audited financial statements for the year ended 30 September 2013.

Principal activities

The principal activity of the company during the period was the provision of sub-contract works and manpower services to the construction industry.

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in price risk, credit risk and liquidity risk. The company manages these risks through various financial instruments including loans, cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The directors review and agree policies for managing each of these risks and they are summarised below. The policies have remained unchanged from previous years.

Price risk

The company's exposure to price risk consists mainly of movements in the underlying raw material, wages and salary costs. The directors keep under review the price fluctuations and agree contract prices in advance with customers and suppliers.

Credit risk

The company's main financial assets, from which the principal credit risk arises, are trade debtors and amounts recoverable on contracts. In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short-term flexibility is achieved by overdraft facilities.

Health and safety

The Business recognises the importance of the health, safety and welfare of all those employed throughout the business and is committed to ensuring the associated risks are aptly managed and controlled. The business and its staff have been recognised for their continued commitment by the achievement of numerous safe-working awards on a variety of projects and this is a credit to the people and systems in place.

Fortel Services Limited

Directors' report for the year ended 30 September 2013 (continued)

Directors

The Directors who served during the year, and subsequently are as follows:

S S Nijjer

S S Nijjer (resigned 6 June 2013)

M S Tour

J Pilkington (appointed 1 April 2013, resigned 6 June 2013)

A Sandhwalia (appointed 1 April 2014)

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of the company. Communication with all employees continues through regular meetings and consultations held between management and employees.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Fortel Services Limited

Directors' report for the year ended 30 September 2013 (continued)

Statement of directors' responsibilities (continued)

In the case of each director in office at the date the directors' report is approved under Section 418 of the Companies Act 2006, the following applies:

- so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- each has taken all steps that each ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



S S Nijjer
Director
13 June 2014

Fortel Services Limited

Independent auditors' report to the members of Fortel Services Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 30 September 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Fortel Services Limited, comprise:

- the balance sheet as at 30 September 2013;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report and financial statements (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

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

Fortel Services Limited

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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.



Neil Philpott (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
13 June 2014

Fortel Services Limited

Profit and loss account for the year ended 30 September 2013

	Note	2013 £	2012 £
Turnover	2	57,626,281	51,415,977
Cost of sales		(49,479,827)	(43,385,295)
Gross profit		8,146,454	8,030,682
Administrative expenses		(5,759,815)	(5,032,926)
Operating profit	3	2,386,639	2,997,756
Interest receivable and similar income	6	92,874	45,368
Profit on ordinary activities before taxation		2,479,513	3,043,124
Tax on profit on ordinary activities	7	(662,392)	(783,592)
Profit for the financial year	16	1,817,121	2,259,532

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the financial years as set out above, and therefore no separate statement of total recognised gains and losses has been presented.

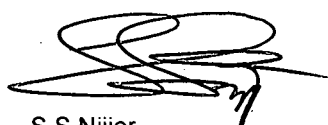
There is no difference between the profit on ordinary activities before taxation and the retained profit for the period stated above and their historical cost equivalents.

Fortel Services Limited

Balance sheet as at 30 September 2013

	Note	2013 £	2012 £
Fixed assets			
Tangible assets	9	489,551	371,085
Current assets			
Stocks	10	-	15,001
Debtors	11	11,863,167	10,281,781
Cash at bank and in hand		5,575,232	11,071,143
		17,438,399	21,367,925
Creditors: amounts falling due within one year	13	(6,789,515)	(6,563,361)
Net current assets		10,648,884	14,804,564
Total assets less current liabilities		11,138,435	15,175,649
Provisions for liabilities and charges	12	(46,665)	-
Net assets		11,091,770	
Capital and reserves			
Called up share capital	14	1,000	1,000
Share premium account	15	119,880	119,880
Profit and loss account	15	10,970,890	15,054,769
Total shareholders' funds	16	11,091,770	15,175,649

These financial statements on pages 8 to 19 were approved by the Board of Directors on 13 June 2014 and were signed on its behalf by:



S S Nijjer
Director

Registered number: 03559714

Fortel Services Limited

Notes to the financial statements for the year ended 30 September 2013

1 Accounting policies

Basis of preparation

These financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards. Accounting policies have been consistently applied.

The principal accounting policies of the company are set out below.

Cash flow statement

The company is a wholly owned subsidiary of Fortel Construction Limited and is included in the consolidated financial statements of Fortel Construction Group Limited which include a cash flow statement and which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard No. 1 (revised 1996) "Cash flow statements".

Turnover

Turnover represents the value of work performed during the year on all contracts including any attributable profits in accordance with SSAP 9 (revised) and UITF 40. Turnover is recognised;

- in respect of long term projects, in accordance with SSAP 9
- in respect of service contracts, as contract activity progresses, and
- in respect of contract variations, once agreement to the variation is obtained.

Tangible fixed assets and depreciation

Fixed assets are shown in the balance sheet at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its current working condition. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful economic lives as follows:

Fixtures, fittings and equipment	-	25% straight line
Motor vehicles	-	25% straight line

Freehold land is not depreciated.

Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items.

Amounts recoverable on contracts

In accordance with SSAP 9, amounts recoverable on contracts, which are included in debtors, are stated at cost less progress payments receivable plus an appropriate amount of profit in the case of long term contracts. Provisions are made for contingencies and losses incurred or anticipated in bringing contracts to completion.

For contracts where progress payments exceed the book value of work done, the excess is included in creditors as payments on account.

Fortel Services Limited

Notes to the financial statements for the year ended 30 September 2013 (continued)

1 Accounting policies (continued)

Operating leases

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Taxation including deferred taxation

Corporation tax payable is provided on taxable profits at the current rate.

In accordance with FRS19 deferred tax is provided in respect of all timing differences that have originated but not reversed at the balance sheet date that may give rise to an obligation to pay more or less tax in the future. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured on a non-discounted basis using rates of tax that would apply when the timing differences are expected to reverse and based on rates that have been enacted or substantively enacted by the balance sheet date.

Financial instruments

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 entity after deducting all of its financial liabilities.

Where the contractual obligations of the financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividend and distributions relating to equity instruments are debited directly to equity.

2 Turnover

Turnover, which is stated net of value added tax, represents the net amount invoiced and is attributable to the one principal activity of the company. All turnover is derived from operations in the United Kingdom.

An analysis of turnover by geographical destination is given below:

	2013	2012
	£	£
United Kingdom	57,626,281	51,415,977

Fortel Services Limited

Notes to the financial statements for the year ended 30 September 2013 (continued)

3 Operating profit

Operating profit is stated after charging/(crediting):

	2013	2012
	£	£
Wages and salaries	14,859,674	13,887,429
Social security costs	1,325,095	1,184,891
Staff costs	16,184,769	15,072,320
Depreciation of owned tangible fixed assets	108,822	74,812
Loss on disposal of fixed assets	-	6,161
Auditors' remuneration		
- audit of financial statements	18,000	20,000
- taxation services	64,813	5,000
Operating lease rentals – land and buildings	57,840	56,790

4 Directors' emoluments

The Directors were remunerated by the immediate and ultimate parent companies, Fortel Construction Limited and Fortel Construction Group Limited. No recharges were made from either Fortel Construction Limited or Fortel Construction Group Limited to the Company in respect of Directors remuneration in the year. The Directors received emoluments totalling £369,704 (2012: £450,256) from Fortel Construction Limited and Fortel Construction Group Limited in the year.

5 Employee information

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

	2013	2012
	Number	Number
Construction staff	590	560
Sales and administration staff	24	34
	614	594

Fortel Services Limited

Notes to the financial statements for the year ended 30 September 2013 (continued)

6 Interest receivable and similar income

	2013	2012
	£	£
Bank interest	92,874	45,368

7 Taxation

(a) The tax charge is based on the profit for the year and represents:

	2013	2012
	£	£
Current tax		
Current tax on income for the year	584,711	768,615
Adjustment in respect of prior years	28,721	4,267
Total current tax	613,432	772,882
Deferred tax (see note 12)		
Origination and reversal of timing difference	25,511	9,848
Adjustment in respect of previous periods	28,434	662
Change in tax rates	(4,985)	200
Total deferred tax	48,960	10,710
Tax on profit on ordinary activities	662,392	783,592

Fortel Services Limited

Notes to the financial statements for the year ended 30 September 2013 (continued)

7 Taxation (continued)

(b) Factors affecting tax charge for the year:

The current tax charge for the year is higher (2012: higher) than the standard effective rate of corporation tax in the UK of 23.5% (2012: 25%). The differences are explained below:

	2013	2012
	£	£
Current tax recognition		
Profit on ordinary activities before tax	2,479,513	3,043,124
Current tax at 23.5% (2012: 25%)	582,686	760,781
Expenses not deductible for tax purposes	27,536	17,682
Capital allowances in excess of depreciation	(25,511)	(9,848)
Adjustments to tax charge in respect of prior year	28,721	4,267
Total current tax charge (see above)	613,432	772,882

c) Factors affecting future tax charge

During the year the main rate of corporation tax was reduced from 24% to 23%. This change was effective from 1 April 2013.

In addition to the changes in rates of Corporation tax disclosed further changes to the UK Corporation tax system were announced in the March 2013 UK Budget. These include further reductions to the main rate to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015. These changes received Royal Assent on 17 July 2013 and have therefore been substantively enacted by the balance sheet date.

8 Dividends

	2013	2012
	£	£
Dividends on equity shares:		
Final paid of £5,901 (2012: £200) per £1 ordinary share	5,901,000	200,000

Fortel Services Limited

Notes to the financial statements for the year ended 30 September 2013 (continued)

9 Tangible fixed assets

	Freehold land and property	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 October 2012	124,672	343,245	397,517	865,427
Additions	-	95,336	145,917	241,253
Disposals	-	-	(86,814)	(86,814)
At 30 September 2013	124,672	438,582	456,621	1,019,865
Accumulated depreciation				
At 1 October 2012	1,344	238,750	254,248	494,342
Charge for the year	2,688	42,108	64,026	108,822
Disposals	-	-	(72,861)	(72,861)
At 30 September 2013	4,032	280,861	245,430	530,323
Net book value				
At 30 September 2013	120,640	157,721	211,191	489,551
At 1 October 2012	123,328	104,495	143,262	371,085

10 Stocks

	2013	2012
	£	£
Raw materials	-	15,001

Fortel Services Limited

Notes to the financial statements for the year ended 30 September 2013 (continued)

11 Debtors

	2013	2012
	£	£
Trade debtors	1,445,961	1,490,358
Amounts recoverable on contracts	10,031,244	8,592,534
Amounts owed by group undertakings	279,525	-
Other debtors	41,270	106,092
Prepayments and accrued income	65,167	90,502
Deferred taxation (see note 12)	-	2,295
	11,863,167	10,281,781

12 Deferred taxation

Deferred taxation included in the balance sheet is as follows:

	2013	2012
	£	£
Deferred tax provision	46,665	-
Included in debtors (note 11)	-	(2,295)

The movement in deferred taxation during the year was:

	£	£
At beginning of year	(2,295)	(13,005)
Debited to the profit and loss account for the year	48,960	10,710
Liability/(asset) at 30 September	46,665	(2,295)

The elements of deferred tax are as follows:

	2013	2012
	£	£
Accelerated capital allowances	46,665	-
Excess of depreciation over capital allowances	-	2,295

Fortel Services Limited

Notes to the financial statements for the year ended 30 September 2013 (continued)

13 Creditors: amounts falling due within one year

	2013	2012
	£	£
Bank loans and overdrafts	549,754	549,087
Trade creditors	1,792,280	2,552,192
Amounts owed to group undertakings	-	104,313
Corporation tax	240,797	259,413
Other taxation and social security	1,160,662	1,104,522
Accruals and deferred income	3,046,022	1,993,834
	6,789,515	6,563,361

The bank overdraft is secured by unlimited intercompany composite guarantees and debentures incorporating full fixed and floating charges over all UK assets and undertakings.

14 Called up share capital

	2013	2012
	£	£
Allotted, called up and fully paid		
1,000 ordinary shares of £1 each	1,000	1,000

15 Reserves

	Share premium account	Profit and loss account
	£	£
At 1 October 2012	119,880	15,054,769
Loss for the financial year (note 16)	-	(4,083,879)
At 30 September 2013	119,880	10,970,890

Fortel Services Limited

Notes to the financial statements for the year ended 30 September 2013 (continued)

16 Reconciliation of movement in shareholders' funds

	2013	2012
	£	£
Profit for the financial year	1,817,121	2,259,532
Dividends paid	(5,901,000)	(200,000)
(Loss)/profit representing net additions to shareholders' funds	(4,083,879)	2,059,532
Opening shareholders' funds	15,175,649	13,116,117
Closing shareholders' funds	11,091,770	15,175,649

17 Financial commitments

At 30 September 2013, the company had annual commitments under non-cancellable operating leases as set out below

	2013	2012
Land and Buildings	£	£
Expiring within one year	-	-
Expiring between two and five years	57,840	58,740
	57,840	58,740

18 Related party transactions

Fortel Rail Construction Limited, a company under common control, provided consultancy services of £nil (2012: 48,265) during the year.

The company has taken advantage of the exemption within FRS8 "Related Party Transactions" to not disclose transactions with other group companies where they are wholly owned by a common parent entity.

Fortel Services Limited

Notes to the financial statements for the year ended 30 September 2013 (continued)

19 Ultimate parent company

On 20 December 2012, Fortel Construction Group Limited acquired the entire ordinary share capital of Fortel Construction Limited. Fortel Construction Group Limited is wholly owned and controlled by the directors. From this date, Fortel Construction Group Limited became the parent undertaking of the smallest and largest group to consolidate the results of these financial statements. Copies of Fortel Construction Group Limited's consolidated financial statements can be obtained from 33-35 Wednesfield Road, Wolverhampton, WV13 1AE.

The companies immediate parent undertaking remains as Fortel Construction Limited.

The company and group are wholly owned and controlled by S S Nijjer.