
VASCROFT CONTRACTORS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018



VASCROFT CONTRACTORS LIMITED

COMPANY INFORMATION

Directors	Mr S K Vekaria Mr M S Vekaria
Company Secretary	Mrs C Vora
Registered number	01293674
Registered office	Vascroft Estate 861 Coronation Road Park Royal London NW10 7PT
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Senior Statutory Auditor 30 Finsbury Square London EC2P 2YU
Bankers	HSBC Bank Plc 2nd Floor, Space One 1 Beadon Road Hammersmith London W6 0EA
Solicitors	Clarkslegal LLP One Forbury Square The Forbury Reading RG1 3EB

VASCROFT CONTRACTORS LIMITED

CONTENTS

	Page
Strategic report	1 - 3
Directors' report	4 - 6
Independent auditor's report	7 - 9
Statement of comprehensive income	10
Statement of financial position	11
Statement of changes in equity	12
Notes to the financial statements	13 - 29

VASCROFT CONTRACTORS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2018

Business review

As the company celebrates its 42nd year of excellence in construction, the company continues to secure more projects by obtaining new clients and by retaining the business of its key clients. This all has been possible because the company's ethos and driving force of all its stakeholders is to provide excellence. The company's vision, mission and values statements continues to reflect the ever dynamic outlook of the construction industry and are filtered throughout the organisation. The company has always empathised with the need for adhering to its corporate social responsibilities in the heart of all operations. Vascroft is firmly committed to its social, economic and environmental sustainability. We know that if we are to be a true market leader, we need to minimise the impact of our activities on the environment and its surroundings inclusive of the communities that serve these areas. To this end, the company continues to maintain its ISO 9001 and ISO 14001 accreditations.

Principal risks and uncertainties

The company uses various financial instruments including cash and various items which arise directly from its operations such as trade debtors, trade creditors and a bank loan. The main purpose of these are to raise working capital and carry out business operations.

The main risks arising from the company's financial instruments are market risk, liquidity risk, interest rate risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Market risk

Market risk encompasses two types of risk being interest rate risk and price risk.

Interest rate risk

The company finances its operations through a mixture of retained profits and bank borrowings. The borrowings bear interest at a floating rate and the company's interest expense is therefore affected by movements in interest rates.

Price risk

Price risk mainly arises from the time delay between the start of a tendering process for any materials to when they are actually purchased. This risk is mitigated by factoring inflation rate into tender prices for any project. Any increase in the price of materials is notified to the company by our specialist buyer and suppliers in advance.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available through an overdraft facility to meet foreseeable needs at any given point. The directors review weekly cash reports which enable them to plan accordingly for any significant expenditure.

Credit risk

The company's principal financial assets are debtors and the principal credit risk arises from these debtors. In order to manage credit risk the directors have introduced a credit checking facility by subscribing to an independent agency. This provides all financial details and trading history needed to consider risk associated with new clients and especially with fast track projects e.g. restaurants. On larger projects invoices are raised on a monthly basis and collection made accordingly. The company also seeks deposits upfront for some projects.

VASCROFT CONTRACTORS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

Financial key performance indicators

The company's key performance indicators are revenue and gross margin. These allow the directors and the management to monitor the growth as well as the profitability of the company. Turnover for the year generated from the principal business activities amounted to £45m whilst our headline gross margin improved in line with our expectations at circa 10%. Our focus remains of not chasing higher turnover levels with compromised margins and as such the performance is in line with the expectations as set by the board. The directors consider these performance indicators to be satisfactory. The company maintains a satisfactory order book that entails all current secured jobs which is used as an indicator of future business activity levels.

Outlook and future developments

The company's strategic focus is to enhance its market position, to invest in and to continue developing its core strengths across the residential, community, and hotel sectors. It has seen challenging conditions predominate across the industry, with competitive pressures impacting on margins and profitability. The company's track record and integrated offer of design, construction, boutique and be-spoke solutions has enabled it to win significant projects.

Our people remain at the heart of our business. They have shown great resilience and dedication during the construction industry's prolonged period of adverse conditions. As we begin to emerge into a period of growth, our employees will be critical to ensuring our success.

Vision, mission and values

Our vision is exciting and ambitious. We aim to target profitable growth, build business within our key markets and with our existing clients, whilst also exploring further opportunities to broaden our client base and pursue new markets. We will also build on our considerable success and expertise to provide a truly integrated service for our clients.

Mission – To be the contractor of choice for all our clients and to continue to build positive relationships to deliver excellence.

Values - The guiding principles behind the growth of Vascroft Contractors Ltd have been to provide quality, value, experience, partnership, service excellence and consistency. Living and working by these principles, is at the heart of our success. Our team of dedicated professionals are enhanced with continuous professional developments through various mediums of training. Coupled with our commitment to putting our clients' needs first, we derive great pleasure in exceeding their expectations.

We strive to offer an unbeatable range of advisory, construction and refurbishment services and thrill at taking on challenges that have defeated others. Providing a truly integrated one stop shop solution for clients, our approach to all of these challenges has remained consistent over the decades.

A team of approximately 120 professionals is also integral to our success. Our staff are undoubtedly our greatest assets. They are committed to putting our customers' needs first and all share a passion for the company. Many of them have been with us for years and they know it's more important to do what's right rather than what's easy. We know it's important to employ the best because, that way, we deliver the best. We provide continuous staff development through training, seminars and exhibitions. This ensures our staff are up to date with current legislation, technological changes and modern methods of construction.

VASCROFT CONTRACTORS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018**

This report was approved by the board on 23 November 2018 and signed on its behalf.



Mr M S Vekaria
Director

VASCROFT CONTRACTORS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2018

The directors present their report and the financial statements for the year ended 31 August 2018.

Principal activity

The principal activity of the company remains that of carrying out construction operations. Since incorporation in January 1977 it has specialised in the construction and refurbishment of high end residential projects, elegant hotels, prestigious restaurants, commercial developments, schools, religious buildings and medical centres.

The company has four in-house divisions, namely Vascroft Contractors, Vascroft Joinery Services, Vascroft Mechanical and Electrical Services and Vascroft Metal Fabrication.

Results and dividends

The profit for the year, after taxation, amounted to £1,925,223 (2017: £883,304).

During the year the company did not pay a dividend (2017: £Nil).

Directors

The directors who served during the year were:

Mr S K Vekaria
Mr M S Vekaria

Qualifying third party indemnity provisions

The company has granted an indemnity to one or more of its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Director's Report.

VASCROFT CONTRACTORS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 and 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 corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is 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 taken 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.

Post balance sheet events

There have been no significant events affecting the company since the year end.

VASCROFT CONTRACTORS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018**

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 23 November 2018 and signed on its behalf.



Mr M S Vekaria
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VASCROFT CONTRACTORS LIMITED

Opinion

We have audited the financial statements of Vascroft Contractors Limited ('the company') for the year ended 31 August 2018, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2018 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VASCROFT CONTRACTORS LIMITED (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report by the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VASCROFT CONTRACTORS LIMITED
(CONTINUED)**

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.



Andy Ka BA FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London Finsbury

23 November 2018

VASCROFT CONTRACTORS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	2018 £	2017 £
Turnover	4	45,020,302	38,480,129
Cost of sales		(40,551,444)	(35,266,408)
Gross profit		4,468,858	3,213,721
Administrative expenses		(2,859,172)	(2,526,707)
Other operating income	5	17,800	15,000
(Loss)/gain on disposal/write off of tangible fixed asset		(45,147)	120,658
Operating profit	6	1,582,339	822,672
Interest receivable and similar income	10	24,901	68,795
Interest payable and expenses	11	(19,526)	(23,711)
Profit before tax		1,587,714	867,756
Tax on profit	12	337,509	15,548
Profit for the financial year		1,925,223	883,304
Other comprehensive income for the year			
Deferred tax on revaluation of fixed assets		-	926,855
Other comprehensive income for the year		-	926,855
Total comprehensive income for the year		1,925,223	1,810,159

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

The notes on pages 13 to 29 form part of these financial statements.

VASCROFT CONTRACTORS LIMITED
REGISTERED NUMBER:01293674

STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	14	428,691	486,348
Current assets			
Debtors: amounts falling due within one year		19,962,730	15,835,694
Debtors: amounts falling due after more than one year		802,840	602,010
Cash at bank and in hand	16	834,313	1,000,363
		<u>21,599,883</u>	<u>17,438,067</u>
Creditors: amounts falling due within one year	17	<u>(7,619,571)</u>	<u>(5,253,784)</u>
Net current assets		<u>13,980,312</u>	<u>12,184,283</u>
Total assets less current liabilities		<u>14,409,003</u>	<u>12,670,631</u>
Creditors: amounts falling due after more than one year	18	(827,990)	(1,006,602)
Provisions for liabilities			
Deferred tax	20	(70,016)	(78,255)
		<u>(70,016)</u>	<u>(78,255)</u>
Net assets		<u><u>13,510,997</u></u>	<u><u>11,585,774</u></u>
Capital and reserves			
Called up share capital	21	55,100	55,100
Other reserves	22	8,269	8,269
Profit and loss account	22	13,447,628	11,522,405
		<u><u>13,510,997</u></u>	<u><u>11,585,774</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 November 2018.


Mr S K Vekaria
 Director


Mr M S Vekaria
 Director

The notes on pages 13 to 29 form part of these financial statements.

VASCROFT CONTRACTORS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2018**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 September 2017	55,100	8,269	11,522,405	11,585,774
Comprehensive income for the year				
Profit for the year	-	-	1,925,223	1,925,223
Total comprehensive income for the year	-	-	1,925,223	1,925,223
Transfer to/from profit and loss account	-	-	-	-
At 31 August 2018	55,100	8,269	13,447,628	13,510,997

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2017**

	Called up share capital	Revaluation reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 September 2016	55,100	4,222,342	8,269	5,489,904	9,775,615
Comprehensive income for the year					
Profit for the year	-	-	-	883,304	883,304
Deferred tax on revaluation	-	926,855	-	-	926,855
Total comprehensive income for the year	-	926,855	-	883,304	1,810,159
Transfer to/from profit and loss account	-	(5,149,197)	-	5,149,197	-
At 31 August 2017	55,100	-	8,269	11,522,405	11,585,774

The notes on pages 13 to 29 form part of these financial statements.

VASCROFT CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

1. General information

Vascroft Contractors Limited is a private company limited by shares and registered in England and Wales with registered number 01293674. Its registered head office is located at Vascroft Estate, 861 Coronation Road, Park Royal, London, NW10 7PT.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of Vascroft Holdings Limited as at 31 August 2018 and these financial statements may be obtained from Vascroft Estate, 861 Coronation Road, Park Royal, London, NW10 7PT.

2.3 Going concern

The directors have prepared the financial statements under the going concern concept, as they believe the company has sufficient funding to be able to meet its liabilities as and when they fall due for the foreseeable future, being a period of not less than twelve months from the date of approval of these financial statements. This takes into consideration the availability of current cash resources, working capital through banking facilities and in addition cash which is to be generated from a pipeline of future projects.

VASCROFT CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

2. Accounting policies (continued)

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Rendering of services

In respect of long-term contracts, turnover represents the value of the work done in the year, including estimates of amounts not invoiced and is recognised by reference to the stage of completion of each contract, once their outcome can be assessed with reasonable certainty. The profit recognised reflects the proportion of work completed to the Statement of Financial Position date on each project. Full provision is made for losses estimated by the directors on all contracts in the year in which the loss is first foreseen. Such estimates are based upon the directors' experience and relevant professional advice.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Plant & Machinery	-	10%
Motor Vehicles	-	25%
Fixtures & Fittings	-	15%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

VASCROFT CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

2. Accounting policies (continued)

2.6 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Statement of financial position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Statement of comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

VASCROFT CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

2. Accounting policies (continued)

2.9 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an 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.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

VASCROFT CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

2. Accounting policies (continued)

2.11 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

2.12 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.13 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

VASCROFT CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

2. Accounting policies (continued)

2.14 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

2.15 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of financial position date.

2.16 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.17 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

VASCROFT CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

2. Accounting policies (continued)

2.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

When preparing the financial statements, management undertake a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

The following are significant management judgments in applying the accounting policies of the company that have the most significant effect on the financial statements.

Debtor recoverability

Where outstanding customer debt from 31 August 2018 has still to be wholly or partially recovered by the date of the approval of these financial statements, management have exercised judgment in providing for any bad or doubtful debt. Management has individually considered each outstanding remaining debt in terms of payment history, the status of the current commercial relationship and any future committed business in reaching their decision of the appropriate level of provision to make for each customer.

Rendering of services and loss-making contracts

In respect of long-term contracts, turnover represents the value of the work done in the year, including estimates of amounts not invoiced and is recognised by reference to the stage of completion of each contract, once their outcome can be assessed with reasonable certainty. The profit recognised reflects the proportion of work completed to the Statement of Financial Position date on each project. Full provision is made for losses estimated by the directors on all contracts in the year in which the loss is first foreseen. Such estimates are based upon the directors' experience and relevant professional advice.

VASCROFT CONTRACTORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

4. Turnover

Turnover is attributable to the one principal activity of the company.

All turnover arose within the United Kingdom.

5. Other operating income

	2018 £	2017 £
Rent receivable	<u>17,800</u>	<u>15,000</u>

6. Operating profit

The operating profit is stated after charging/(crediting):

	2018 £	2017 £
Depreciation of tangible fixed assets	81,447	84,071
Exchange differences	14	(5)
Other operating lease rentals	-	77,786
Defined contribution pension cost	<u>220,545</u>	<u>399,883</u>

7. Auditor's remuneration

	2018 £	2017 £
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	<u>15,200</u>	<u>15,750</u>
Fees payable to the company's auditor and its associates in respect of:		
Accounting services	<u>1,250</u>	<u>1,250</u>

VASCROFT CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2018 £	2017 £
Wages and salaries	4,659,662	4,502,673
Social security costs	122,687	479,048
Cost of defined contribution scheme	240,545	399,883
	<u>5,022,894</u>	<u>5,381,604</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2018 No.	2017 No.
Number of production staff	71	75
Number of administrative staff	41	41
Number of management staff	2	2
	<u>114</u>	<u>118</u>

9. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	402,692	334,682
Company contributions to defined contribution pension schemes	20,000	40,000
	<u>422,692</u>	<u>374,682</u>

During the year retirement benefits were accruing to 1 director (2017: 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £216,667 (2017: £170,833).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2017: £40,000).

VASCROFT CONTRACTORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

10. Interest receivable

	2018 £	2017 £
Other interest receivable	24,901	68,795

11. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	19	672
Other loan interest payable	19,507	23,039
	<u>19,526</u>	<u>23,711</u>

12. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	1,671	-
Adjustments in respect of previous periods	(330,941)	-
Total current tax	<u>(329,270)</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	(8,239)	(15,548)
Taxation on loss on ordinary activities	<u>(337,509)</u>	<u>(15,548)</u>

VASCROFT CONTRACTORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - *lower than*) the standard rate of corporation tax in the UK of 19% (2017: 20%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>1,587,714</u>	<u>867,756</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 20%)	301,665	173,551
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	24,403	402
Capital allowances for year in excess of depreciation	(14,845)	(15,575)
Non-taxable income	-	(24,131)
Utilisation of tax losses brought forward	(309,551)	(148,482)
R&D tax refund claimed	-	(1,313)
R&D tax credit received for prior years	(330,941)	-
Deferred taxation	(8,240)	-
Total tax charge/(credit) for the year	<u>(337,509)</u>	<u>(15,548)</u>

Factors that may affect future tax charges

A reduction in the long-term UK corporate tax rate from 19% from 1 April 2017 to 17% 1 April 2020 was substantively enacted on 15 September 2016 as part of the 2016 Finance Act. This will reduce the company's tax charges in future years.

13. Loss/(Profit) on disposal of fixed assets

	2018 £	2017 £
Loss/(Profit) on disposal/write off of fixed assets	<u>45,147</u>	<u>(120,658)</u>

VASCROFT CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

14. Tangible fixed assets

	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
Cost or valuation				
At 1 September 2017	455,051	256,760	209,983	921,794
Additions	16,800	44,904	12,734	74,438
Disposals	(88,074)	(16,995)	(64,501)	(169,570)
At 31 August 2018	383,777	284,669	158,216	826,662
Depreciation				
At 1 September 2017	169,410	141,922	124,114	435,446
Charge for the year on owned assets	30,246	36,408	14,793	81,447
Disposals	(54,315)	(15,045)	(49,562)	(118,922)
At 31 August 2018	145,341	163,285	89,345	397,971
Net book value				
At 31 August 2018	238,436	121,384	68,871	428,691
At 31 August 2017	285,641	114,838	85,869	486,348

VASCROFT CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

15. Debtors

	2018 £	2017 £
Due after more than one year		
Other debtors	802,840	602,010
	2018 £	2017 £
Due within one year		
Trade debtors	1,839,995	2,497,111
Amounts owed by group undertakings	8,792,034	9,358,739
Other debtors	2,837,570	2,239,638
Prepayments and accrued income	209,806	177,299
Amounts recoverable on long term contracts	6,283,325	1,562,907
	19,962,730	15,835,694

16. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	834,313	1,000,363
Less: bank overdrafts	-	(132,229)
	834,313	868,134

17. Creditors: Amounts falling due within one year

	2018 £	2017 £
Bank overdrafts	-	132,229
Bank loans	219,719	222,531
Trade creditors	3,103,170	2,452,189
Other taxation and social security	313,153	823,367
Accruals and deferred income	3,983,529	1,623,468
	7,619,571	5,253,784

VASCROFT CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

18. Creditors: Amounts falling due after more than one year

	2018 £	2017 £
Bank loans	457,748	677,467
Trade creditors	370,242	329,135
	<u>827,990</u>	<u>1,006,602</u>

The above bank loan is repayable over 10 years, the final installment falling due in 2021. Interest is charged at 2.03% per annum over the Bank's Sterling Base Rate.

The bank loans and overdrafts amounting to £677,467 (2017: 1,032,227) are secured by a charge on the freehold property held by the parent company, Vascroft Holdings Limited.

Loans

Analysis of the maturity of loans is given below:

	2018 £	2017 £
Amounts falling due within one year		
Bank loans	219,719	222,531
Amounts falling due 2-5 years		
Bank loans	457,748	677,467
	<u>677,467</u>	<u>899,998</u>

VASCROFT CONTRACTORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

19. Financial instruments

	2018 £	2017 £
Financial assets		
Cash and cash equivalents	834,313	1,000,363
Financial assets that are debt instruments measured at amortised cost	<u>11,644,675</u>	<u>14,697,498</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(8,134,408)</u>	<u>(5,437,019)</u>

Financial assets measured at amortised cost comprise of trade debtors, other debtors, accrued income and amounts due from group companies.

Financial liabilities measured at amortised cost comprise of bank overdrafts, trade creditors, other creditors and accruals.

20. Deferred taxation

	2018 £	2017 £
At beginning of year	(78,255)	(1,020,658)
Released during the year	8,239	942,403
At end of year	<u>(70,016)</u>	<u>(78,255)</u>

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Excess of taxation allowances over depreciation on fixed assets	<u>(70,016)</u>	<u>(78,255)</u>

VASCROFT CONTRACTORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

21. Share capital

	2018 £	2017 £
Authorised		
100,000 Ordinary shares of £1.00 each	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid		
55,100 Ordinary shares of £1.00 each	<u>55,100</u>	<u>55,100</u>

22. Reserves

Profit & loss account

The profit and loss account includes all current and prior period retained profits and losses.

Other reserves

Arose on the acquisition of Vekaria Enterprises Ltd.

23. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £240,545 (2017: £399,883). Contributions totalling £Nil (2017: £Nil) were payable to the fund at the Statement of financial position date.

24. Commitments under operating leases

At 31 August 2018 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	444,000	444,000
Later than 1 year and not later than 5 years	1,776,000	1,776,000
Later than 5 years	1,698,148	2,142,148
	<u>3,918,148</u>	<u>4,362,148</u>

VASCROFT CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

25. Related party transactions

The company has taken advantage of Financial Reporting Standard 102 section 33 "Related Party Disclosures" and has not disclosed transactions with group members on the basis that the results of Vascroft Holdings Limited are included within consolidated financial statements that are publicly available.

Key management personnel compensation was £422,692 (2017: £393,762).

26. Controlling party

As at 31 August 2018, the ultimate parent and controlling party is the SAV Trust.

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by Vascroft Holdings Limited, the immediate parent. Its registered head office is located at Vascroft Estate, 861 Coronation Road, Park Royal, London, NW10 7PT.