

Registration number: 02710265

Bennetts Associates Limited

Annual Report and Financial Statements

for the Year Ended 31 May 2021

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Bennetts Associates Limited

Contents

| | |
|--|----------|
| Company Information | 1 |
| Strategic Report | 2 to 3 |
| Directors' Report | 4 to 5 |
| Statement of Directors' Responsibilities | 6 |
| Independent Auditor's Report | 7 to 9 |
| Profit and Loss Account | 10 |
| Balance Sheet | 11 |
| Statement of Changes in Equity | 12 |
| Statement of Cash Flows | 13 |
| Notes to the Financial Statements | 14 to 24 |
| Detailed Profit and Loss Account | 25 to 27 |

Bennetts Associates Limited

Company Information

| | |
|--------------------------|--|
| Directors | J Nelmes |
| | S M Erridge |
| | J D Lipscombe |
| | P Fisher |
| Registered office | 1 Rawstorne Place LONDON EC1V 7NL |
| Auditors | McBrides Accountants LLP Nexus House Cray Road Sidcup Kent DA14 5DA |

Bennetts Associates Limited

Strategic Report for the Year Ended 31 May 2021

The directors present their strategic report for the year ended 31 May 2021.

Principal activity

The principal activity of the company is the provision of architectural activities.

Fair review of the business

Turnover for the year was £6.6m (2020 - £6.5m) generating a profit after tax of £414k (2020 - £410k). Turnover increased by 1.3% (2020 - 8.4% decrease) and there was an downward movement in the gross profit margin of 0.41%.

These results reflect the stability of our business in response to challenging external circumstances which have been dominated by the continuing impacts of the Covid pandemic. The practice continues to be successful in all our sectors, and our work in the UK is supplemented by income from projects overseas.

The practice has responded to the lessons of the pandemic, recognising and embracing the changes in working practice that have taken place. New IT hardware and software has been made possible through investment which has provided an opportunity to improve efficiency. The practice has been able to take advantage of the flexibility offered by technology to continue with remote working alongside a structured and responsible approach to face-to-face working in our studios.

The over-arching message of our business plan; that we will put sustainability at the heart of everything we do, is supported by our years of experience in the field. This has given us the opportunity to enhance our distinctiveness and edge across all our sectors. Alongside this we are also firmly committed to creating meaningful change through our Equality, Diversity and Inclusivity initiative,

Our employee-owned structure has continued to assist in the successful governance of the practice, and this year has seen the full repayment of all debt remaining from the ownership transaction, successfully completing the succession plan set out when the employee ownership trust was established.

Unprecedented success in the 2021 RIBA Awards, with three projects winning national awards and one winning a regional award acknowledges the continued high quality of the practices work.

Bennetts Associates Limited

Strategic Report for the Year Ended 31 May 2021

Key performance indicators

The directors continue to use both financial and non financial key performance indicators to manage the business. The business maintains a strong management information function which is focused on regular and accurate reporting. Such reporting sees particular focus on project margins and profitability.

The company's key financial and other performance indicators during the year were as follows:

Turnover

Turnover has increased by 1.30% to £6,625,680 from £6,540,544 in the previous year.

Gross profit

The company's gross profit margin has remained relatively static at 31.33% (2020: 31.74%) and overall gross profit increased by £152.

Profit after tax

Profit after tax has increased from £409,644 to £476,959.

Balance Sheet

After paying off the outstanding Employee Ownership debt in full, plus significant investment in IT equipment across the practice and further research and development tax relief claims, the balance sheet shows that the company's net assets at the year end have increased from £1,830,254 to £1,966,084.


Cash Flow

The company saw a net cash inflow during the year of £365,464 (2020: £310,352).

Principal risks and uncertainties

The directors remain alert to the risks prevalent in the commercial environment and continue to take steps to minimise or mitigate these risks.

Approved by the Board on 17/12/2021 and signed on its behalf by:



S M Erridge
Director

Bennetts Associates Limited

Directors' Report for the Year Ended 31 May 2021

The directors present their report and the financial statements for the year ended 31 May 2021.

Directors of the company

The directors who held office during the year were as follows:

J Nelmes

S M Erridge

J D Lipscombe

P Fisher

Financial instruments

Objectives and policies

The company does not have any complex financial instruments. Accordingly, its principal financial instruments are its bank current accounts. In addition, the company has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from operations.

Price risk, credit risk, liquidity risk and cash flow risk

The company manages its cash in order to maximise interest income and minimise interest expense, whilst ensuring it has sufficient liquid resources to meet the operating needs of the business.

Investments of cash surpluses are made through banks and institutions which must fulfill credit rating criteria approved by the Board. All customers who wish to trade on credit terms are subject to credit verification procedures and trade debtors are reviewed on a regular basis and provision is made for doubtful debts when necessary.

Future developments

The practice will continue to work towards the targets identified in the Business Plan and it is intended that the core architectural activity of the company will continue to develop in the UK, Europe and the rest of the world. Further benefits for staff and the practice will accrue with the greater engagement and participation which has resulted from employee ownership.

Contributions

Particulars of contributions to the Employee Ownership Trust are detailed in note 18 to the financial statements.

Research and development

The company is currently undertaking a number of Research and Development projects as part of its ongoing work to find innovative solutions to meet the needs of clients.

Bennetts Associates Limited

Directors' Report for the Year Ended 31 May 2021

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 17/12/2021 and signed on its behalf by:



S M Erridge
Director

Bennetts Associates Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual 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). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

Bennetts Associates Limited

Independent Auditor's Report to the Members of Bennetts Associates Limited

Opinion

We have audited the financial statements of Bennetts Associates Limited (the 'company') for the year ended 31 May 2021, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, 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 May 2021 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 UK, including the FRC'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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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.

Bennetts Associates Limited

Independent Auditor's Report to the Members of Bennetts Associates Limited

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our 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 and the Directors' Report.

We have nothing to report in respect of the following matters where 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 6], 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Discussions were held with, and enquiries made of, management and those charged with governance with a view to identifying those laws and regulations that could be expected to have a material impact on the financial statements. During the engagement team briefing, the outcomes of these discussions and enquiries were shared with the team, as well as consideration as to where and how fraud may occur in the entity.

Bennetts Associates Limited

Independent Auditor's Report to the Members of Bennetts Associates Limited

The following laws and regulations were identified as being of significance to the entity

- these laws and regulations considered to have a direct effect on the financial statements include UK financial reporting standards, Company Law, Tax and Pensions legislation, and distributable profits legislation.
- it is considered that there are no laws and regulations for which non-compliance may be fundamental to the operating aspects of the business.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: inquiries of management and those charged with governance as to whether the entity complies with such laws and regulations; enquiries with the same concerning any actual or potential litigation or claims; inspection of relevant legal correspondence; review of board minutes; testing the appropriateness of entries in the nominal ledger, including journal entries; reviewing transactions around the end of the reporting period, and the performance of analytical procedures to identify unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

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.

Use of our report

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.



Andrew Warren (Senior Statutory Auditor)

For and on behalf of McBrides Accountants LLP, Statutory Auditor

Nexus House
Cray Road
Sidcup
Kent
DA14 5DA

Date: 20/12/21

Bennetts Associates Limited

Profit and Loss Account for the Year Ended 31 May 2021

| | Note | 2021 £ | 2020 £ |
|--|------|-----------------------|-----------------------|
| Turnover | 3 | 6,625,680 | 6,540,544 |
| Cost of sales | | <u>(4,549,540)</u> | <u>(4,464,556)</u> |
| Gross profit | | 2,076,140 | 2,075,988 |
| Administrative expenses | | (1,913,030) | (2,072,166) |
| Other operating income | 4 | <u>26,682</u> | <u>30,653</u> |
| Operating profit | 5 | 189,792 | 34,475 |
| Other interest receivable and similar income | 6 | <u>5,403</u> | <u>13,463</u> |
| Profit before tax | | 195,195 | 47,938 |
| Taxation | 10 | <u>281,764</u> | <u>361,706</u> |
| Profit for the financial year | | <u><u>476,959</u></u> | <u><u>409,644</u></u> |

No Statement of Comprehensive Income has been presented as there is no movement through other comprehensive income for the year

The notes on pages 14 to 24 form an integral part of these financial statements.

Bennetts Associates Limited

(Registration number: 02710265)
Balance Sheet as at 31 May 2021

| | Note | 2021 £ | 2020 £ |
|--|------|-------------------------|-------------------------|
| Fixed assets | | | |
| Tangible assets | 11 | 143,079 | 53,330 |
| Current assets | | | |
| Debtors | 12 | 1,240,360 | 1,500,073 |
| Cash at bank and in hand | | <u>2,671,899</u> | <u>2,306,435</u> |
| | | 3,912,259 | 3,806,508 |
| Creditors: Amounts falling due within one year | 14 | <u>(1,291,499)</u> | <u>(1,106,319)</u> |
| Net current assets | | <u>2,620,760</u> | <u>2,700,189</u> |
| Total assets less current liabilities | | 2,763,839 | 2,753,519 |
| Creditors: Amounts falling due after more than one year | 14 | <u>(797,755)</u> | <u>(923,265)</u> |
| Net assets | | <u><u>1,966,084</u></u> | <u><u>1,830,254</u></u> |
| Capital and reserves | | | |
| Called up share capital | | 23,079 | 23,079 |
| Share premium reserve | | 178,812 | 178,812 |
| Capital redemption reserve | | 2,564 | 2,564 |
| Profit and loss account | | <u>1,761,629</u> | <u>1,625,799</u> |
| Total equity | | <u><u>1,966,084</u></u> | <u><u>1,830,254</u></u> |

Approved and authorised by the Board on 17/12/2021 and signed on its behalf by:



S M Erridge
Director

Bennetts Associates Limited

Statement of Changes in Equity for the Year Ended 31 May 2021

| | Share capital £ | Share premium £ | Capital redemption reserve £ | Profit and loss account £ | Total £ |
|-------------------------------|-----------------------|-----------------------|---------------------------------------|------------------------------------|------------------|
| At 1 June 2020 | 23,079 | 178,812 | 2,564 | 1,625,799 | 1,830,254 |
| Profit for the year | - | - | - | 476,959 | 476,959 |
| Total comprehensive income | - | - | - | 476,959 | 476,959 |
| Contributions | - | - | - | (341,129) | (341,129) |
| At 31 May 2021 | <u>23,079</u> | <u>178,812</u> | <u>2,564</u> | <u>1,761,629</u> | <u>1,966,084</u> |

| | Share capital £ | Share premium £ | Capital redemption reserve £ | Profit and loss account £ | Total £ |
|-------------------------------|-----------------------|-----------------------|---------------------------------------|------------------------------------|------------------|
| At 1 June 2019 | 23,079 | 178,812 | 2,564 | 1,557,284 | 1,761,739 |
| Profit for the year | - | - | - | 409,644 | 409,644 |
| Total comprehensive income | - | - | - | 409,644 | 409,644 |
| Contributions | - | - | - | (341,129) | (341,129) |
| At 31 May 2020 | <u>23,079</u> | <u>178,812</u> | <u>2,564</u> | <u>1,625,799</u> | <u>1,830,254</u> |

The notes on pages 14 to 24 form an integral part of these financial statements.

Bennetts Associates Limited

Statement of Cash Flows for the Year Ended 31 May 2021

| | Note | 2021 £ | 2020 £ |
|---|------|-------------------------|-------------------------|
| Cash flows from operating activities | | | |
| Profit for the year | | 476,959 | 409,644 |
| Adjustments to cash flows from non-cash items | | | |
| Depreciation | 5 | 37,827 | 23,863 |
| Profit on disposal of property plant and equipment | | - | (2,083) |
| Foreign exchange loss | 5 | - | 8,955 |
| Finance income | 6 | (5,403) | (13,463) |
| Corporation tax | | <u>(281,764)</u> | <u>(361,706)</u> |
| | | 227,619 | 65,210 |
| Working capital adjustments | | | |
| Decrease in trade and other debtors | 12 | 300,065 | 176,068 |
| (Decrease)/increase in trade and other creditors | 14 | (142,350) | 326,177 |
| Increase/(decrease) in deferred income, including government grants | | <u>246,950</u> | <u>(351,112)</u> |
| Cash generated from operations | | 632,284 | 216,343 |
| Corporation tax received | | <u>281,764</u> | <u>361,706</u> |
| Net cash flow from operating activities | | <u>914,048</u> | <u>578,049</u> |
| Cash flows from investing activities | | | |
| Interest received | 6 | 5,403 | 13,463 |
| Acquisitions of property plant and equipment | | (127,576) | (18,970) |
| Proceeds from sale of property plant and equipment | | <u>-</u> | <u>2,612</u> |
| Net cash flows from investing activities | | <u>(122,173)</u> | <u>(2,895)</u> |
| Cash flows from financing activities | | | |
| Contributions paid | 18 | (426,411) | (255,847) |
| Foreign exchange (gains) / losses | 5 | <u>-</u> | <u>(8,955)</u> |
| Net cash flows from financing activities | | <u>(426,411)</u> | <u>(264,802)</u> |
| Net increase in cash and cash equivalents | | 365,464 | 310,352 |
| Cash and cash equivalents at 1 June | | <u>2,306,435</u> | <u>1,996,083</u> |
| Cash and cash equivalents at 31 May | 13 | <u><u>2,671,899</u></u> | <u><u>2,306,435</u></u> |

The notes on pages 14 to 24 form an integral part of these financial statements.

Bennetts Associates Limited

Notes to the Financial Statements for the Year Ended 31 May 2021

1 General information

The company is a private company limited by share capital, incorporated in England.

The principal activity of the company is disclosed in the Strategic Report.

The address of its registered office and principal place of business is:

1 Rawstone Place
LONDON
EC1V 7NL

2 Accounting policies

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, Financial Reporting Standard 102 - 'The Financial Reporting standard applicable in the United Kingdom and Republic of Ireland' 'FRS 102', and with the Companies Act 2006.

These financial statements have been prepared using the historical cost convention.

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Going concern

At the time of approving these accounts, business continues to be hampered by Covid-19. However, the company is well positioned to take advantage of whatever opportunities might arise when business confidence is fully regained. We continue to monitor the developing situation with the Omicron variant carefully in order to safeguard the well-being of our employees, clients and other stakeholders.

Despite this, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Bennetts Associates Limited

Notes to the Financial Statements for the Year Ended 31 May 2021

Critical accounting judgements and key sources of estimation uncertainty

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

In calculating accrued and advance fees in accordance with the company's accounting policy, estimates of the amount of future human resource costs have been used.

Specifically, judgements and estimates are required in determining the recoverability of trade debtors.

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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

The company recognises revenue when:

- The amount of revenue can be reliably measured;
- it is probable that future economic benefits will flow to the entity;
- and specific criteria have been met for each of the company's activities.

Government grants

The company has adopted the accrual model for accounting for government grants. Grants relating to revenue are recognised in income on a systematic basis over the same period as the related costs for which the grant is intended to compensate. Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expenses when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Bennetts Associates Limited

Notes to the Financial Statements for the Year Ended 31 May 2021

Tax

The tax charge for the period comprises current corporation tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current corporation 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 taxable income.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class

Leasehold land and buildings

Plant and machinery

Depreciation method and rate

over the term of the lease

33.33% straight line & 25% reducing balance

Financial instruments

Classification

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Financial assets are classified as financial assets at fair value through profit or loss, loans and debtors, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial assets at initial recognition.

Financial liabilities are classified as financial liabilities at fair value through profit and loss, loans and borrowings, trade and other creditors, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial liabilities at initial recognition.

Recognition and measurement

All financial instruments are recognised initially at fair value plus transaction costs. Thereafter financial instruments are stated at amortised cost using the effective interest rate method (less impairment where appropriate) unless the effect of discounting would be immaterial in which case they are stated at cost (less impairment where appropriate). The exception to this are those financial instruments where it is a requirement to continue recording them at fair value through profit and loss.

Bennetts Associates Limited

Notes to the Financial Statements for the Year Ended 31 May 2021

Impairment

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been affected.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade and other debtors

Trade debtors are amounts due from customers for services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtors.

Trade and other creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Accrued and advance fees including work in progress

Deferred income is valued in relation to the budgeted overall profit on the contract. The profit is adjusted by actual throughout the life of the contract, and apportioned each year over the term of the contract with reference to the ratio of human resource costs per annum as a percentage of the human resource cost over the term of the contract. The human resource costs represent labour costs uplifted by the overhead factor. The value is the measurement of deferred income or a clawback thereof. Losses are recognised immediately and full provision is made.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Contributions

Contribution distributions to the company's shareholders are recognised as a liability in the financial statements in the reporting period in which the contributions are declared.

Bennetts Associates Limited

Notes to the Financial Statements for the Year Ended 31 May 2021

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

| | 2021 £ | 2020 £ |
|-------------------------------------|------------------|------------------|
| Provision of architectural services | <u>6,625,680</u> | <u>6,540,544</u> |

The analysis of the company's turnover for the year by market is as follows:

| | 2021 £ | 2020 £ |
|---------------|------------------|------------------|
| UK | 5,330,930 | 6,343,835 |
| Europe | - | 186,709 |
| Rest of world | <u>1,294,750</u> | <u>10,000</u> |
| | <u>6,625,680</u> | <u>6,540,544</u> |

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

| | 2021 £ | 2020 £ |
|-------------------|---------------|---------------|
| Government grants | <u>26,682</u> | <u>30,653</u> |

During the year Bennetts Associates Limited received Covid-19 government support of £26,682 (2020: £30,653) from the furlough scheme.

5 Operating profit

Arrived at after charging/(crediting)

| | 2021 £ | 2020 £ |
|---|-----------|----------------|
| Depreciation | 37,827 | 23,863 |
| Foreign exchange losses | - | 8,955 |
| Operating leases - plant and machinery | 48,082 | 39,593 |
| Profit on disposal of property, plant and equipment | <u>-</u> | <u>(2,083)</u> |

6 Other interest receivable and similar income

| | 2021 £ | 2020 £ |
|----------------------------------|--------------|---------------|
| Interest income on bank deposits | <u>5,403</u> | <u>13,463</u> |

Bennetts Associates Limited

Notes to the Financial Statements for the Year Ended 31 May 2021

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

| | 2021 £ | 2020 £ |
|--|------------------|------------------|
| Wages and salaries | 3,045,157 | 3,158,089 |
| Social security costs | 340,815 | 340,629 |
| Pension costs, defined contribution scheme | 105,465 | 80,326 |
| | <u>3,491,437</u> | <u>3,579,044</u> |

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

| | 2021 No. | 2020 No. |
|----------------------|-------------|-------------|
| Technical staff | 53 | 49 |
| Administrative staff | 14 | 12 |
| Directors | 4 | 6 |
| | <u>71</u> | <u>67</u> |

During the year gross EOT Qualifying Bonuses of £Nil (2020: £70,600) were voted to staff and are included within the costs analysed above.

8 Directors' remuneration

The directors' remuneration for the year was as follows:

| | 2021 £ | 2020 £ |
|--|----------------|----------------|
| Remuneration | 420,759 | 428,698 |
| Contributions paid to money purchase schemes | 33,768 | 11,123 |
| | <u>454,527</u> | <u>439,821</u> |

During the year the number of directors who were receiving benefits and share incentives was as follows:

| | 2021 No. | 2020 No. |
|---|-------------|-------------|
| Accruing benefits under money purchase pension scheme | <u>4</u> | <u>4</u> |

In respect of the highest paid director:

| | 2021 £ | 2020 £ |
|---|--------------|--------------|
| Remuneration | 116,248 | 118,255 |
| Company contributions to money purchase pension schemes | <u>8,987</u> | <u>3,478</u> |

Bennetts Associates Limited

Notes to the Financial Statements for the Year Ended 31 May 2021

9 Auditors' remuneration

| | 2021 £ | 2020 £ |
|-----------------------------------|--------------|--------------|
| Audit of the financial statements | <u>8,750</u> | <u>8,750</u> |

10 Taxation

Tax charged/(credited) in the profit and loss account

| | 2021 £ | 2020 £ |
|--|------------------|------------------|
| Current taxation | | |
| UK corporation tax adjustment to prior periods | <u>(281,764)</u> | <u>(361,706)</u> |

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2020 - lower than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

| | 2021 £ | 2020 £ |
|---|------------------|------------------|
| Profit before tax | <u>195,195</u> | <u>47,938</u> |
| Corporation tax at standard rate | 37,087 | 9,108 |
| Effect of expense not deductible in determining taxable profit (tax loss) | 1,168 | 299 |
| Effect of tax losses | (19,320) | - |
| Tax decrease from effect of capital allowances and depreciation | (18,935) | (1,762) |
| Tax decrease from effect of adjustment in research and development tax credit | <u>(281,764)</u> | <u>(369,351)</u> |
| Total tax credit | <u>(281,764)</u> | <u>(361,706)</u> |

Bennetts Associates Limited

Notes to the Financial Statements for the Year Ended 31 May 2021

11 Tangible assets

| | Leasehold land and buildings £ | Plant and machinery £ | Total £ |
|--------------------------|---|-----------------------------|------------|
| Cost or valuation | | | |
| At 1 June 2020 | 140,857 | 1,047,846 | 1,188,703 |
| Additions | - | 127,576 | 127,576 |
| At 31 May 2021 | 140,857 | 1,175,422 | 1,316,279 |
| Depreciation | | | |
| At 1 June 2020 | 131,239 | 1,004,134 | 1,135,373 |
| Charge for the year | 6,412 | 31,415 | 37,827 |
| At 31 May 2021 | 137,651 | 1,035,549 | 1,173,200 |
| Carrying amount | | | |
| At 31 May 2021 | 3,206 | 139,873 | 143,079 |
| At 31 May 2020 | 9,618 | 43,712 | 53,330 |

12 Debtors

| | 2021 £ | 2020 £ |
|--------------------------------|------------------|------------------|
| Trade debtors | 677,967 | 1,232,458 |
| Other debtors | 297,863 | 28,380 |
| Prepayments and accrued income | 264,530 | 239,235 |
| | <u>1,240,360</u> | <u>1,500,073</u> |

13 Cash and cash equivalents

| | 2021 £ | 2020 £ |
|--------------|------------------|------------------|
| Cash on hand | 3,203 | 3,378 |
| Cash at bank | 2,668,696 | 2,303,057 |
| | <u>2,671,899</u> | <u>2,306,435</u> |

Bennetts Associates Limited

Notes to the Financial Statements for the Year Ended 31 May 2021

14 Creditors

| | 2021 £ | 2020 £ |
|---------------------------------|------------------|------------------|
| Due within one year | | |
| Trade creditors | 120,111 | 169,335 |
| Social security and other taxes | 353,364 | 431,783 |
| Other creditors | 28,659 | 22,513 |
| Accrued expenses | 180,521 | 286,656 |
| Deferred income | 608,844 | 196,032 |
| | <u>1,291,499</u> | <u>1,106,319</u> |
| Due after one year | | |
| Deferred income | <u>797,755</u> | <u>923,265</u> |

15 Share capital

Allotted, called up and fully paid shares

| | 2021 | | 2020 | |
|-------------------------------|----------------|---------------|----------------|---------------|
| | No. | £ | No. | £ |
| Ordinary shares of £0.10 each | 230,769 | 23,077 | 230,769 | 23,077 |
| Preference shares of £1 each | <u>2</u> | <u>2</u> | <u>2</u> | <u>2</u> |
| | <u>230,771</u> | <u>23,079</u> | <u>230,771</u> | <u>23,079</u> |

Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

The holders of Ordinary shares are entitled to receive contributions as declared from time to time and are entitled to one vote per share at meetings of the company. All Ordinary shares rank equally with regard to the company's residual assets.

Preference shares have the following rights, preferences and restrictions:

The holders of Preference shares are not entitled to receive dividends as declared from time to time and are not entitled to a vote per share at meetings of the company. All Preference shares rank equally with regard to the company's residual assets.

Bennetts Associates Limited

Notes to the Financial Statements for the Year Ended 31 May 2021

16 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

| | 2021 | 2020 |
|---|-------------------------|-----------------------|
| | £ | £ |
| Not later than one year | 326,418 | 327,953 |
| Later than one year and not later than five years | 1,174,537 | 194,442 |
| Later than five years | <u>1,400,000</u> | <u>-</u> |
| | <u><u>2,900,955</u></u> | <u><u>522,395</u></u> |

The amount of non-cancellable operating lease payments recognised as an expense during the year was £358,553 (2020 - £358,676).

17 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £105,465 (2020 - £80,326).

18 Contributions

Contributions paid during the year (excluding those for which a liability existed at the end of the prior year):

| | 2021 | 2020 |
|--|-----------------------|-----------------------|
| | £ | £ |
| Employee Ownership Trust contributions | <u><u>341,129</u></u> | <u><u>341,129</u></u> |

Bennetts Associates Limited

Notes to the Financial Statements for the Year Ended 31 May 2021

19 Related party transactions

Expenditure with and payables to related parties

| | Key management £ |
|---|---------------------------------|
| 2021 | |
| Rent payable to the directors of the company | - |
| Contributions to the Bennetts Associates Employee Ownership Trust | 341,129 |
| | <u>341,129</u> |
| | <u>341,129</u> |
| | Key management £ |
| 2020 | |
| Rent payable to the directors of the company | 280,000 |
| Contributions to the Bennetts Associates Employee Ownership Trust | 341,129 |
| | <u>621,129</u> |
| | <u>621,129</u> |

20 Control

The ultimate controlling party is the Trustees of the Bennetts Associates Employee Ownership Trust.