

AA Construction (North East) Limited
Filleted Unaudited Financial Statements
For the year ended
31 March 2022



DEBERE LIMITED
Chartered Accountants
Swallow House
Parsons Road
Washington
Tyne and Wear
NE37 1EZ

AA Construction (North East) Limited

Financial Statements

Year ended 31 March 2022

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AA Construction (North East) Limited

Officers and Professional Advisers

Director Mr A Attarchian

Business address Highway House
Saltmeadows Road
Gateshead
Tyne & Wear
NE8 3AH

Company secretary Mrs C Attarchian

Registered office Highway House
Saltmeadows Road
Gateshead
Tyne & Wear
NE8 3AH

Accountants Debere Limited
Chartered Accountants
Swallow House
Parsons Road
Washington
Tyne and Wear
NE37 1EZ

Bankers National Westminster Bank Plc
52 Fawcett Street
Sunderland
Tyne and Wear
SR1 1SB

AA Construction (North East) Limited

Chartered Accountants Report to the Director on the Preparation of the Unaudited Statutory Financial Statements of AA Construction (North East) Limited

Year ended 31 March 2022

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of AA Construction (North East) Limited for the year ended 31 March 2022, which comprise the statement of financial position and the related notes from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at www.icaew.com/en/membership/regulations-standards-and-guidance.

This report is made solely to the director of AA Construction (North East) Limited in accordance with the terms of our engagement letter dated 13 April 2021. Our work has been undertaken solely to prepare for your approval the financial statements of AA Construction (North East) Limited and state those matters that we have agreed to state to you in this report in accordance with ICAEW Technical Release 07/16 AAF as detailed at www.icaew.com/compilation. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than AA Construction (North East) Limited and its director for our work or for this report.

It is your duty to ensure that AA Construction (North East) Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit of AA Construction (North East) Limited. You consider that AA Construction (North East) Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of AA Construction (North East) Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.



DEBERE LIMITED
Chartered Accountants

Swallow House
Parsons Road
Washington
Tyne and Wear
NE37 1EZ

25 July 2022

AA Construction (North East) Limited

Statement of Financial Position

31 March 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	5	280,004	323,337
Tangible assets	6	22,544	237,239
		<u>302,548</u>	<u>560,576</u>
Current assets			
Stocks		—	156,900
Debtors	7	1,142,386	1,575,565
Cash at bank and in hand		407,258	9,395
		<u>1,549,644</u>	<u>1,741,860</u>
Creditors: amounts falling due within one year	8	<u>(722,757)</u>	<u>(444,915)</u>
Net current assets		<u>826,887</u>	<u>1,296,945</u>
Total assets less current liabilities		<u>1,129,435</u>	<u>1,857,521</u>
Creditors: amounts falling due after more than one year	9	(820,457)	(1,515,617)
Provisions		<u>(2,874)</u>	<u>(42,952)</u>
Net assets		<u><u>306,104</u></u>	<u><u>298,952</u></u>
Capital and reserves			
Called up share capital		1	1
Profit and loss account		306,103	298,951
Shareholders funds		<u><u>306,104</u></u>	<u><u>298,952</u></u>

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with Section 1A of FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In accordance with section 444 of the Companies Act 2006, the income statement has not been delivered.

For the year ending 31 March 2022 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Director's responsibilities:

- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476;
- The director acknowledges his responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The statement of financial position
continues on the following page.
The notes on pages 5 to 12 form part of these financial statements.

AA Construction (North East) Limited

Statement of Financial Position *(continued)*

31 March 2022

These financial statements were approved by the board of directors and authorised for issue on 25 July 2022 and are signed on behalf of the board by:



Mr A Attarchian
Director

Company registration number: 06533247

The notes on pages 5 to 12 form part of these financial statements.

AA Construction (North East) Limited

Notes to the Financial Statements

Year ended 31 March 2022

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Highway House, Saltmeadows Road, Gateshead, Tyne & Wear, NE8 3AH.

2. Statement of compliance

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

General Information

AA Construction (North East) Limited develops and constructs housing for resale, hires out plant and machinery and undertakes groundwork utility activities.

The company is a private company limited by shares and is incorporated and domiciled in England.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

Going concern

The company meets its day-to-day working capital requirements through its bank facilities. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facilities. After making enquiries, the director has 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.

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at bank in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

AA Construction (North East) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2022

3. Accounting policies *(continued)*

Creditors

Creditors are recognised where the company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement after following for any trade discounts due.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revenue recognition

The turnover shown in the profit and loss account represents:

- (i) land sold during the year - recognised at its market value; and
- (ii) plant and machinery hire sales - measured at the fair value of the consideration received or receivable and represents amounts receivable for services rendered, stated net of discounts and of Value Added Tax; and
- (iii) groundwork sales - measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of discounts and of Value Added Tax; and
- (iv) miscellaneous construction sales - measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of discounts and of Value Added Tax.

All sales are recognised at the point at which the company has fulfilled its contractual obligations to the customer.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

AA Construction (North East) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2022

3. Accounting policies *(continued)*

Taxation *(continued)*

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	- 5% straight line
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If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Long leasehold property	- 1% straight line
Plant and machinery	- 15% reducing balance
Fixtures and fittings	- 15% reducing balance
Motor vehicles	- 25% reducing balance

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

AA Construction (North East) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2022

3. Accounting policies *(continued)*

Impairment of fixed assets *(continued)*

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stock and work in progress

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell.

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

AA Construction (North East) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2022

3. Accounting policies *(continued)*

Government grants *(continued)*

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. Employee numbers

The average number of persons employed by the company during the year amounted to 11 (2021: 14).

AA Construction (North East) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2022

5. Intangible assets

	Goodwill £
Cost	
At 1 April 2021 and 31 March 2022	<u>1,200,000</u>
Amortisation	
At 1 April 2021	876,663
Charge for the year	43,333
At 31 March 2022	<u>919,996</u>
Carrying amount	
At 31 March 2022	<u>280,004</u>
At 31 March 2021	<u>323,337</u>

6. Tangible assets

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 April 2021	12,852	218,658	10,490	113,201	355,201
Additions	–	68,462	4,258	52,647	125,367
Disposals	–	(287,120)	(299)	(165,848)	(453,267)
At 31 March 2022	<u>12,852</u>	<u>–</u>	<u>14,449</u>	<u>–</u>	<u>27,301</u>
Depreciation					
At 1 April 2021	1,675	43,222	1,468	71,597	117,962
Charge for the year	128	20,453	1,608	8,858	31,047
Disposals	–	(63,675)	(122)	(80,455)	(144,252)
At 31 March 2022	<u>1,803</u>	<u>–</u>	<u>2,954</u>	<u>–</u>	<u>4,757</u>
Carrying amount					
At 31 March 2022	<u>11,049</u>	<u>–</u>	<u>11,495</u>	<u>–</u>	<u>22,544</u>
At 31 March 2021	<u>11,177</u>	<u>175,436</u>	<u>9,022</u>	<u>41,604</u>	<u>237,239</u>

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Plant and machinery £
At 31 March 2022	<u>–</u>
At 31 March 2021	<u>26,769</u>

AA Construction (North East) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2022

7. Debtors

	2022 £	2021 £
Trade debtors	400,091	458,830
Amounts owed by group undertakings and undertakings in which the company has a participating interest	650,193	1,029,032
Other debtors	92,102	87,703
	<u>1,142,386</u>	<u>1,575,565</u>

The debtors above include the following amounts falling due after more than one year:

	2022 £	2021 £
Amounts owed by group undertakings and undertakings in which the company has a participating interest	–	969,032

Short term debtors are measured at transaction price, less any impairment.

8. Creditors: amounts falling due within one year

	2022 £	2021 £
Bank loans and overdrafts	9,487	9,167
Trade creditors	159,523	275,402
Accruals and deferred income	125,107	9,066
Corporation tax	188,045	28,167
Social security and other taxes	16,030	17,857
Obligations under finance leases and hire purchase contracts	–	3,000
Director loan accounts	190,000	72,000
Other creditors	34,565	30,256
	<u>722,757</u>	<u>444,915</u>

Short term creditors are measured at the transaction price.

The other creditor's balance of £28,000 (2021: £28,000) is secured by a fixed charge over the undertaking and all assets present and future.

9. Creditors: amounts falling due after more than one year

	2022 £	2021 £
Bank loans and overdrafts	32,608	40,833
Director loan accounts	194,474	812,894
Other creditors	593,375	661,890
	<u>820,457</u>	<u>1,515,617</u>

AA Construction (North East) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2022

9. Creditors: amounts falling due after more than one year *(continued)*

Long term creditors are measured at the transaction price.

The other creditor's balance of £593,375 (2021: £661,890) is secured by a fixed charge over the undertaking and all assets present and future.

10. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2022	2021
	£	£
Not later than 1 year	<u>5,200</u>	<u>5,200</u>

11. Director's advances, credits and guarantees

During the year the director entered into the following advances and credits with the company:

	2022		
	Balance brought forward	Amounts repaid	Balance outstanding
	£	£	£
Mr A Attarchian	<u>(884,894)</u>	<u>500,420</u>	<u>(384,474)</u>
	2021		
	Balance brought forward	Amounts repaid	Balance outstanding
	£	£	£
Mr A Attarchian	<u>(1,098,397)</u>	<u>213,503</u>	<u>(884,894)</u>