

Financial Statements

Vascroft Holdings Limited

For the period ended 31 August 2012

Registered number: 07721503



Vascroft Holdings Limited

Company Information

Directors	Mr S K Vekaria Mr A K Vekaria
Company secretary	Mr A K Vekaria
Company number	07721503
Registered office	Vascroft Estate 861 Coronation Road Park Royal London NW10 7PT
Auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Grant Thornton House Melton Street Euston Square London NW1 2EP
Bankers	HSBC 69 Park Royal Road Park Royal London NW10 7JR Lloyds TSB Private Banking Limited 50 Grosvenor Street London W1K 3LF Bank of India 293 Harrow Road Wembley Middlesex HA9 6BF
Solicitors	Royds Solicitors 65 Carter Lane London EC4V 5HF

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Vascroft Holdings Limited

Directors' Report

For the period ended 31 August 2012

The directors present their report and the financial statements for the period ended 31 August 2012

Incorporation

In contemplation of a restructuring exercise (see 'Business review' below), the Company was incorporated on 28 July 2011 and on that date acquired the entire issued share capital of Vascroft Estates Limited, also incorporated the same day. On 24 October 2011 the company acquired the entire issued share capital of Vascroft Contractors Limited.

Principal activities

The principal activity of the Company is that of a holding company.

The principal activity of the Group during the period was that of building contractors. It is involved with special construction and refurbishment of hotels, restaurants and luxurious homes. It is also involved in the rental of investment properties.

The Group has achieved a high profile reputation and aims to maintain this in to the next financial year by continuing to provide its excellence in service during these challenging times which face the sector in general. The Group stands by its mission of 'Endeavouring to achieve excellence in construction'.

Business review

The group has a good portfolio of secured projects and as such currently enjoys a healthy order book. We are placing a major emphasis on securing further top-end hotels projects and luxurious residential housing projects. We plan to exploit these key areas further due to our high reputation in the sector. This has been achieved by having a good track record with existing clients. As a result, we have repeat clients who now prefer to use us as their only contractor and recommend us to their fellow hoteliers. The group is well equipped and boasts enough experience to handle these projects as it employs specialist staff in this area.

The group completed a restructuring exercise in October 2011 following a decision by the Directors and Shareholders of Vascroft Contractors Limited to separate the trading business from the property business. This was to enable the management of the trading business to fully focus on the trading activities. As a result, this holding company was formed, Vascroft Holdings Limited, which now owns 100% of Vascroft Contractors Limited (the trading entity) and Vascroft Estates Limited (the property entity).

Directors' Report

For the period ended 31 August 2012

Vission, Mission and values

Our vision is to deliver excellence. We want to be leaders in our market place by delivering completed projects on time and to budget.

The guiding principles are to provide quality, value, experience, partnership, service excellence and consistency. Living and working by these principles is at the heart of our success. Coupled with our commitment to putting our customers' 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 150 professionals is also integral to our success. Our craftsmen are undoubtedly our greatest assets. They are committed to putting our customers' needs first and all share a passion for building. 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.

Results

The profit for the period, after taxation, amounted to £840,578.

The directors do not recommend the payment of a dividend.

Directors

The directors who served during the period were:

Mr S K Vekaria (appointed 28 July 2011)

Mr A K Vekaria (appointed 28 July 2011)

Political and charitable contributions

Charitable donations in the period amounted to £269,141. Political donations of £5,000 were made by the subsidiary company Vascroft Contractors Limited.

Financial risk management objectives and policies

The group uses various financial instruments including loans, 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 these financial instruments are market risk, liquidity risk, cash flow risk, interest rate risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Directors' Report

For the period ended 31 August 2012

Market risk

Market risk encompasses two types of risk being fair value interest rate risk and price risk. The group's policy for managing cash flow interest rate risk is set out in the subsection entitled 'interest rate risk' below.

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 group by our specialist buyer and suppliers in advance.

Liquidity risk

The group 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.

Interest rate risk

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

Credit risk

The principal financial assets are trade debtors and the principal credit risk arises from these trade 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 the 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 group also seeks deposits upfront for some projects.

Key performance indicators

The group's key performance indicators are revenue and margin. These allow the directors and management to monitor the growth as well as the profitability of the group. The directors consider these performance indicators to be satisfactory. The group maintains an order book which currently stands at £40.5m detailing all future secured jobs which is used as an indicator of future business activity levels.

Directors' responsibilities statement

The directors are responsible for preparing 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). 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,

Directors' Report

For the period ended 31 August 2012

- 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 group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Provision of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditor in connection with preparing its report and to establish that the company and the group's auditor is aware of that information

Auditor

Grant Thornton UK LLP were appointed during the period. Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 30th JANUARY 2013 and signed on its behalf



Mr A K Vekaria
Secretary



Independent Auditor's Report to the Members of Vascroft Holdings Limited

We have audited the financial statements of Vascroft Holdings Limited for the period ended 31 August 2012, which comprise the group Profit and loss account, the group and company Balance sheets, the group Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the group and of the parent 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 group and of the parent 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 group and of the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group and of the parent company's affairs as at 31 August 2012 and of the group's profit for the period 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.



Independent Auditor's Report to the Members of Vascroft Holdings Limited

Matters on which we are required to report by exception

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

A handwritten signature in black ink, appearing to read "Amrisha Shah".

Amrisha Shah FCA (Senior statutory auditor)

for and on behalf of

Grant Thornton UK LLP

Chartered Accountants

Statutory Auditor

Grant Thornton House

Melton Street

Euston Square

London

NW1 2EP

Date 31 January 2013

Consolidated Profit and Loss Account

For the period ended 31 August 2012

	Note	2012 £
Turnover	1,2	44,553,978
Cost of sales		<u>(38,991,146)</u>
Gross profit		5,562,832
Administrative expenses		<u>(4,078,138)</u>
Operating profit	3	1,484,694
Interest receivable and similar income		2,139
Interest payable and similar charges	7	<u>(45,434)</u>
Profit on ordinary activities before taxation		1,441,399
Tax on profit on ordinary activities	8	<u>(600,821)</u>
Profit for the financial period	19	<u><u>840,578</u></u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 other than those included in the Profit and loss account

The notes on pages 11 to 26 form part of these financial statements

Consolidated Balance Sheet

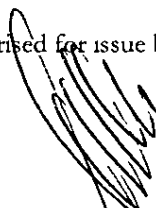
As at 31 August 2012

	Note	£	2012 £
Fixed assets			
Intangible assets	9		7,570,872
Tangible assets	10		4,880,053
Investment properties	11		1,542,451
			<u>13,993,376</u>
Current assets			
Debtors	13	9,528,103	
Cash at bank and in hand		275,352	
		<u>9,803,455</u>	
Creditors: amounts falling due within one year	14	<u>(8,504,507)</u>	
Net current assets			<u>1,298,948</u>
Total assets less current liabilities			<u>15,292,324</u>
Creditors: amounts falling due after more than one year	15		<u>(7,595,018)</u>
Provisions for liabilities			
Deferred tax	16	(108,227)	
Other provisions	17	<u>(948,500)</u>	
			<u>(1,056,727)</u>
Net assets			<u><u>6,640,579</u></u>
Capital and reserves			
Called up share capital	18		10
Merger relief reserve	19		5,799,991
Profit and loss account	19		840,578
			<u>6,640,579</u>
Shareholders' funds	20		<u><u>6,640,579</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30/01/13



Mr A K Vekaria
Director



Mr S K Vekaria
Director

The notes on pages 11 to 26 form part of these financial statements

Company Balance Sheet

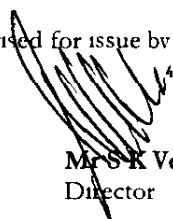
As at 31 August 2012

	Note	£	2012 £
Fixed assets			
Investments	12		13,800,001
Current assets			
Debtors	13	1	
Cash at bank		7,258	
		<u>7,259</u>	
Creditors' amounts falling due within one year	14	<u>(1)</u>	
Net current assets			<u>7,258</u>
Total assets less current liabilities			<u>13,807,259</u>
Creditors' amounts falling due after more than one year	15		<u>(5,500,000)</u>
Net assets			<u><u>8,307,259</u></u>
Capital and Reserves			
Called up share capital	18		10
Merger relief reserve	19		5,799,991
Profit and loss account	19		<u>2,507,258</u>
Shareholders' funds	20		<u><u>8,307,259</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30/01/13



Mr A K Vekaria
Director



Mr S K Vekaria
Director

The notes on pages 11 to 26 form part of these financial statements

Consolidated Cash Flow Statement

For the period ended 31 August 2012

	Note	2012 £
Net cash flow from operating activities	22	1,467,127
Returns on investments and servicing of finance	23	(43,295)
Taxation		(964,760)
Capital expenditure and financial investment	23	(134,388)
Acquisitions and disposals	23	569,877
Cash inflow before financing		894,561
Financing	23	(1,631,691)
Decrease in cash in the period		(737,130)

Reconciliation of Net Cash Flow to Movement in Net Debt

For the period ended 31 August 2012

	2012 £
Decrease in cash in the period	(737,130)
Cash outflow from decrease in debt and lease financing	1,631,691
Change in net debt resulting from cash flows	894,561
Other non-cash changes - shareholder loan	(7,000,000)
Debt acquired with subsidiary	(2,000,000)
Movement in net debt in the period	(8,105,439)
Net debt at 31 August 2012	(8,105,439)

The notes on pages 11 to 26 form part of these financial statements

Notes to the Financial Statements

For the period ended 31 August 2012

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

1.2 Going concern

The directors have prepared the financial statements under the going concern concept, as they believe the group 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 working capital through banking facilities. In addition, consideration has been given to cash which is to be generated from a pipeline of future projects in order to improve the working capital position of the group.

1.3 Basis of consolidation

The financial statements consolidate the accounts of Vascroft Holdings Limited and all of its subsidiary undertakings ('subsidiaries'). Profits and losses on intragroup transactions are eliminated in full.

On acquisition of a subsidiary its net assets acquired are consolidated at a fair value reflecting their condition at the date of acquisition. The results of subsidiaries acquired during the period are included from the effective date that control passes. All changes to those assets and liabilities, and the resulting gains and losses, that arise after the Group has gained control of the subsidiary are credited and charged to the post-acquisition profit and loss account.

As the acquisition of Vascroft Contractors Limited met the conditions set out in the Companies Act 2006 section 615 for merger relief, premium on this acquisition has been taken to a separate merger reserve rather than the share premium account.

1.4 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the period, exclusive of Value Added Tax and trade discounts.

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 balance sheet 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.

Turnover in respect of rental income from investment properties is recognised on a straight line basis over the period of the lease.

1.5 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and loss account over its estimated economic life of 10 years on a straight line basis.

Notes to the Financial Statements

For the period ended 31 August 2012

1. Accounting Policies (continued)

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant & machinery	-	10% reducing balance
Motor vehicles	-	25% reducing balance
Fixtures & fittings	-	15 % reducing balance

1.7 Investment properties

Investment properties are included in the Balance sheet at their open market value and are not depreciated. This treatment is contrary to the Companies Act 2006 which states that fixed assets should be depreciated but is, in the opinion of the directors, necessary in order to give a true and fair view of the financial position of the Group.

1.8 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

1.9 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets.

Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.10 Operating leases

Rentals under operating leases are charged to the Profit and loss account 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 period until the date the rent is expected to be adjusted to the prevailing market rate.

Notes to the Financial Statements

For the period ended 31 August 2012

1. Accounting Policies (continued)

1.11 Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over in to replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over in to the replacement assets and charged to tax only where the replacement assets are sold

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

1.12 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and loss account

1.13 Pensions

Vascroft Contractors Limited (a subsidiary of Vascroft Holdings Limited) operates a defined contribution pension scheme for the benefit of the directors and senior employees. The assets of the scheme are administered by trustees in a fund independent from those of the company

The pension costs are charged against profits and represent the amount of the contributions payable to the scheme in respect of the accounting period

Notes to the Financial Statements

For the period ended 31 August 2012

1. Accounting Policies (continued)

1.14 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

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

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

2. Turnover

An analysis of turnover by class of business is as follows

	2012 £
Property construction	44,410,514
Rental income	143,464
	<u>44,553,978</u>

All turnover arose within the United Kingdom

3. Operating profit

The operating profit is stated after charging:

	2012 £
Amortisation - intangible fixed assets	688,261
Depreciation of tangible fixed assets	
- owned by the group	90,946
- held under finance leases	9,392
Operating lease rentals	
- plant and machinery	8,974
Difference on foreign exchange	12,234
	<u> </u>

Notes to the Financial Statements

For the period ended 31 August 2012

4. Auditor's remuneration

	2012 £
Fees payable to the company's auditor for the audit of the company's annual accounts	2,125
Fees payable to the company's auditor in respect of The auditing of accounts of subsidiaries of the company	<u>19,250</u>

5. Staff costs

Staff costs, including directors' remuneration, were as follows

	2012 £
Wages and salaries	4,140,426
Social security costs	426,813
Other pension costs	404,276
	<u>4,971,515</u>

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

	2012 No.
Production	104
Administration	46
Management	2
	<u>152</u>

6. Directors' remuneration

	2012 £
Emoluments	<u>250,000</u>

The highest paid director received remuneration of £125,000 in respect of services rendered to the group

No director received any pension contributions

Notes to the Financial Statements

For the period ended 31 August 2012

7. Interest payable

	2012
	£
On bank loans and overdrafts	166
On other loans	44,914
On finance leases and hire purchase contracts	354
	<u>45,434</u>

8. Taxation

	2012
	£
Analysis of tax charge in the period	
Current tax (see note below)	
UK corporation tax charge on profit for the period	590,602
Deferred tax (see note 16)	
Origination and reversal of timing differences	10,219
Tax on profit on ordinary activities	<u>600,821</u>

Factors affecting tax charge for the period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 25 17%. The differences are explained below

	2012
	£
Profit on ordinary activities before tax	1,441,399
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25 17%	362,800
Effects of:	
Expenses not deductible for tax purposes	242,609
Capital allowances for period in excess of depreciation	(11,134)
Other differences	(18)
Different tax rate of subsidiary	(3,655)
Current tax charge for the period (see note above)	<u>590,602</u>

Notes to the Financial Statements

For the period ended 31 August 2012

9. Intangible fixed assets

	Goodwill arising on c'dation £
Group	
Cost	
At 28 July 2011	-
Additions	8,259,133
At 31 August 2012	8,259,133
Amortisation	
At 28 July 2011	-
Charge for the period	688,261
At 31 August 2012	688,261
Net book value	
At 31 August 2012	7,570,872

10. Tangible fixed assets

	Freehold property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
Group					
Cost or valuation					
Additions	-	102,375	52,832	-	155,207
Disposals	-	-	(69,461)	-	(69,461)
On acquisition of subsidiaries	4,300,000	515,707	296,918	275,578	5,388,203
At 31 August 2012	4,300,000	618,082	280,289	275,578	5,473,949
Depreciation					
Charge for the period	-	34,671	46,064	19,603	100,338
On disposals	-	-	(48,641)	-	(48,641)
On acquisition of subsidiaries	-	271,398	125,910	144,891	542,199
At 31 August 2012	-	306,069	123,333	164,494	593,896
Net book value					
At 31 August 2012	4,300,000	312,013	156,956	111,084	4,880,053

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

	2012 £
Group	
Motor vehicles	8,453

Notes to the Financial Statements

For the period ended 31 August 2012

11. Investment properties

	Freehold investment property £
Group	
Cost	
Acquired with subsidiary	1,542,451
At 31 August 2012	<u>1,542,451</u>

External valuations were carried out in respect of all the properties by Jones Lang LaSalle in March 2008. The basis of the valuation was open market value which was deemed to equate to existing use value at 31 August 2008. An internal valuation was carried out at 24 October 2011 being the date of acquisition, and there have been no changes to this valuation since that date.

12. Fixed asset investments

	Investments in subsidiary companies £
Company	
Cost or valuation	
Additions	13,800,001
At 31 August 2012	<u>13,800,001</u>
Net book value	
At 31 August 2012	<u>13,800,001</u>

The investment above relates to 100% shareholdings in Vascroft Contractors Limited and Vascroft Estates Limited. Vascroft Contractors Limited is a building contractor and was incorporated in the UK. Vascroft Estates Limited owns properties for rental and was also incorporated in the UK. See note 22 for details of the acquisitions in the period.

Notes to the Financial Statements

For the period ended 31 August 2012

13. Debtors

	Group	Company
	2012	2012
	£	£
Due after more than one year		
Other debtors	709,999	-
Due within one year		
Trade debtors	4,365,223	-
Other debtors	2,644,562	1
Prepayments and accrued income	161,425	-
Amounts recoverable on long term contracts	1,646,894	-
	<u>9,528,103</u>	<u>1</u>

The group trade debtors together with other debtors of £2,363,341 relate to amounts recoverable on contracts

14. Creditors:

Amounts falling due within one year

	Group	Company
	2012	2012
	£	£
Bank loans and overdrafts	1,172,885	-
Net obligations under finance leases and hire purchase contracts	1,978	-
Trade creditors	2,275,461	-
Amounts owed to group undertakings	-	1
Corporation tax	261,934	-
Social security and other taxes	288,364	-
Accruals and deferred income	4,503,885	-
	<u>8,504,507</u>	<u>1</u>

Notes to the Financial Statements

For the period ended 31 August 2012

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

	Group 2012 £	Company 2012 £
Bank loans	1,705,928	-
Other loans	5,500,000	5,500,000
Trade creditors	389,090	-
	<u>7,595,018</u>	<u>5,500,000</u>

Included within the above are amounts falling due as follows

	Group 2012 £	Company 2012 £
Between one and two years		
Bank loans	160,402	-
Between two and five years		
Bank loans	481,208	-
Other loans	2,000,000	2,000,000
Over five years		
Bank loans	1,064,318	-
Other loans	3,500,000	3,500,000

Creditors include amounts not wholly repayable within 5 years as follows

	Group 2012 £	Company 2012 £
Repayable by instalments	4,564,318	3,500,000

The above bank loan is repayable over 10 years, and interest is charged at 2.03% per annum over the Bank's sterling base rate

The bank loans and overdrafts amounting to £2,878,813 are secured by a charge on the freehold property

Other loans of £5,500,000 represent loan notes issued to the directors. These loan notes are unsecured, carry no interest and are repayable in equal annual instalments by 2022. An advance repayment of £1,500,000 was made in the year.

Notes to the Financial Statements

For the period ended 31 August 2012

16. Deferred taxation

	Group 2012 £	Company 2012 £
At beginning of period	-	-
On acquisition	98,008	-
Charge for the period	10,219	-
At end of period	<u>108,227</u>	<u>-</u>

The provision for deferred taxation is made up as follows

	Group 2012 £	Company 2012 £
Excess of taxation allowances over depreciation on fixed assets	<u>108,227</u>	<u>-</u>

17. Provisions

Group	Provision £
On acquisition	1,074,268
Released to the profit and loss account	(125,768)
At 31 August 2012	<u>948,500</u>

The provision relates to the anticipated liquidated damages in respect of contract extensions. These provisions are the directors' best estimate of the amounts payable.

The Company has no provisions.

18. Share capital

	2012 £
Allotted, called up and unpaid	
1,000 Ordinary shares shares of £0.01 each	<u>10</u>

During the period 100 shares were issued at par, and a further 900 shares were issued as consideration for the 100% shareholding in Vascroft Contractors Limited. This created the premium as shown below in note 20. As this transaction was the issue of equity shares for a 100% shareholding in another entity section 612 of the Companies Act 2006 has been applied and this premium is shown as a merger relief reserve.

Notes to the Financial Statements

For the period ended 31 August 2012

19. Reserves

	Merger relief reserve £	Profit and loss account £
Group		
Profit for the period	-	840,578
Premium on shares issued during the period	5,799,991	-
	<u>5,799,991</u>	<u>840,578</u>
At 31 August 2012		
	<u>5,799,991</u>	<u>840,578</u>
	Merger relief reserve £	Profit and loss account £
Company		
Profit for the period	-	2,507,258
Premium on shares issued during the period	5,799,991	-
	<u>5,799,991</u>	<u>2,507,258</u>
At 31 August 2012		
	<u>5,799,991</u>	<u>2,507,258</u>

20. Reconciliation of movement in shareholders' funds

	2012 £
Group	
Opening shareholders' funds	-
Profit for the period	840,578
Shares issued during the period	10
Share premium on shares issued	5,799,991
	<u>6,640,579</u>
Closing shareholders' funds	
	<u>6,640,579</u>
	2012 £
Company	
Opening shareholders' funds	-
Profit for the period	2,507,258
Shares issued during the period	10
Share premium on shares issued	5,799,991
	<u>8,307,259</u>
Closing shareholders' funds	
	<u>8,307,259</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss account

The profit for the period dealt with in the accounts of the company was £2,507,258

Notes to the Financial Statements

For the period ended 31 August 2012

21. Acquisitions and Disposals

Acquisitions

	Vendors' book value £	Fair value to the group £
Assets and liabilities acquired		
Tangible fixed assets	6,388,454	6,388,454
Debtors	6,656,042	6,656,042
Cash at bank	2,230,000	2,230,000
Bank overdrafts	(660,123)	(660,123)
Loans and finance leases	(2,000,000)	(2,000,000)
Other creditors and provisions	(7,073,506)	(7,073,506)
Net assets acquired	<u>5,540,867</u>	<u>5,540,867</u>
Satisfied by		
Consideration		
Cash		1,000,000
Loan notes		7,000,000
Shares issued		5,800,000
		<u>13,800,000</u>
Goodwill arising on consolidation (see note 9)		<u>8,259,133</u>

The above relates to Vascroft Contractors Limited, 100% of the equity shares being acquired on 24 October 2011 and is accounted for under the acquisition method of accounting. Subscribers shares were acquired in Vascroft Estates Limited on 28 July 2011 and is also accounted for under the acquisition method but further details are not given as the subsidiary is not material.

The summarised profit and loss account for Vascroft Contractors Limited for the period from 31 August 2011 to the date of acquisition was as follows:

Turnover	<u>5,906,614</u>
Operating profit	<u>725,385</u>
Profit before tax	722,214
Taxation	(117,282)
Profit after tax	<u>604,932</u>

Notes to the Financial Statements

For the period ended 31 August 2012

22. Net cash flow from operating activities

	2012 £
Operating profit	1,484,694
Amortisation of intangible fixed assets	688,261
Depreciation of tangible fixed assets	100,338
Increase in debtors	(2,872,060)
Increase in creditors	2,191,662
Decrease in provisions	(125,768)
Net cash inflow from operating activities	1,467,127

23. Analysis of cash flows for headings netted in cash flow statement

	2012 £
Returns on investments and servicing of finance	
Interest received	2,139
Interest paid	(45,080)
Hire purchase interest	(354)
Net cash outflow from returns on investments and servicing of finance	(43,295)

	2012 £
Capital expenditure and financial investment	
Purchase of tangible fixed assets	(155,207)
Sale of tangible fixed assets	20,819
Net cash outflow from capital expenditure	(134,388)

	2012 £
Acquisitions and disposals	
Purchase of subsidiary	(1,000,000)
Net cash acquired	1,569,877
Net cash inflow from acquisitions and disposals	569,877

Notes to the Financial Statements

For the period ended 31 August 2012

23. Analysis of cash flows for headings netted in cash flow statement (continued)

	2012 £
Financing	
Repayment of loans	(1,633,669)
New finance leases	1,978
Net cash outflow from financing	<u><u>(1,631,691)</u></u>

24. Analysis of changes in net debt

	28 July 2011 £	Cash flow £	Acquisition £	Other non-cash changes £	31 August 2012 £
Cash at bank and in hand	-	275,352	-	-	275,352
Bank overdraft	-	(1,012,482)	-	-	(1,012,482)
	<u>-</u>	<u>(737,130)</u>	<u>-</u>	<u>-</u>	<u>(737,130)</u>
Debt.					
Finance leases	-	(1,978)	-	-	(1,978)
Debts due within one year	-	133,669	(133,669)	(160,403)	(160,403)
Debts falling due after more than one year	-	1,500,000	(1,866,331)	(6,839,597)	(7,205,928)
Net funds	<u>-</u>	<u>894,561</u>	<u>(2,000,000)</u>	<u>(7,000,000)</u>	<u>(8,105,439)</u>

25. Contingent liabilities

There were no contingent liabilities as at 31 August 2012

26. Pension commitments

The Group operates a defined contributions pension scheme through Vascroft Contractors Limited. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £404,504. Contributions totalling £nil were payable to the fund at the balance sheet date and are included in creditors.

Notes to the Financial Statements

For the period ended 31 August 2012

27. Related party transactions

The group has taken advantage of the exemption in Financial Reporting Standard No 8 'Related Party Disclosures' from the requirement to disclose transactions with group companies where 100% of the voting rights are controlled within the group

28. Controlling party

The ultimate controlling parties are considered to be the directors, Arjan Vekara and Shashikant Vekara