

# Financial Statements

## Vascroft Holdings Limited

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**For the year ended 31 August 2014**

**Registered number: 07721503**

**TUESDAY**



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## Company Information

<b>Directors</b>	Mr S K Vekaria Mr M S Vekaria (appointed 18 December 2013)
<b>Registered number</b>	07721503
<b>Registered office</b>	Vascroft Estate 861 Coronation Road Park Royal London NW10 7PT
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Grant Thornton House Melton Street Euston Square London NW1 2EP
<b>Bankers</b>	HSBC Bank Plc 5th Floor 70 Pall Mall London SW1Y 5EZ  Lloyds TSB Private Banking Limited 50 Grosvenor Street London W1K 3LF  Bank of India 293 Harrow Road Wembley Middlesex HA9 6BF
<b>Solicitors</b>	Clarkslegal LLP One Forbury Square The Forbury Reading RG1 3EB

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## Directors' Report

For the year ended 31 August 2014

The directors present their report and the financial statements for the year ended 31 August 2014.

### 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 continues to specialise in the construction and refurbishment of high end residential projects, elegant hotels, prestigious restaurants, commercial developments, schools, religious buildings and medical centres.

The group is also involved in the rental of investment properties.

The group has achieved a high profile reputation since inception and aims to maintain this into 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 as set out in the strategic report.

### Results

The profit for the year, after taxation, amounted to £2,052,790 (2013 - £1,992,644).

### Donations

Charitable donations in the year amounted to £6,270 (2013: £330,351). They were paid by the subsidiary company Vascroft Contractors Limited.

### Directors

The directors who served during the year were:

Mr S K Vekaria

Mr A K Vekaria (deceased 23 November 2013)

Mr M S Vekaria (appointed 18 December 2013)

### Directors' responsibilities statement

The directors are responsible for preparing the Directors' report, the Group strategic 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

## Directors' Report

For the year ended 31 August 2014

- 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.

### Disclosure 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 relevant audit information and to establish that the company and the group's auditor is aware of that information.

### Auditor

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 5 December 2014 and signed on its behalf.



Mr M S Vekaria  
Director

# **Group Strategic Report**

**For the year ended 31 August 2014**

## **Business review**

The Directors have kept the progress of the group under close scrutiny, especially after the premature demise of one of its founders. The group has been able to move on from this untimely setback and has continued to secure projects by obtaining new clients and by retaining the business of its key clients. This all has been possible because the group continues in its motto to provide excellence. The group has also reviewed its vision, mission and values statements to reflect the ever dynamic outlook of the construction industry and set appropriate performance targets. The group has always put sustainability at the heart of its operations and has been responsible with firm commitments to social, economic and environmental sustainability. We know that if we are to be a true market leader, we need to minimise the impact of our activities on the environment and on the communities where we operate. To this end, the group successfully achieved ISO 9001 and ISO 14001 certifications. We also attained CE marking for our metal fabrication division.

The group was also honoured to receive some industry awards in recognition of our commitment to construction excellence. Our project in Esher, Blue Jay, won a UK Property Award in the single unit category and we were also the London finalist for the building excellence awards 2014 for one of our conversion projects.

## **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 bank loans. 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.

### **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 debtors and the principal credit risk arises from these debtors.

In order to manage credit risk the directors have introduced a credit checking facility by subscribing to an

## **Group Strategic Report (continued)**

**For the year ended 31 August 2014**

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.

### **Financial key performance indicators**

The group's key performance indicators are revenue and gross 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 £62.8m detailing all future secured jobs which is used as an indicator of future business activity levels.

### **Outlook and future developments**

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

Our people remain at the heart of our business. They have shown great resilience and dedication during the construction industry's prolonged period of adverse conditions. As we begin to emerge into a period of growth, our employees will be critical to ensuring our success. We have also had a renewed drive to recruit the relevant staff to add to our current team of professionals to assist the group to continue its journey to achieve the set milestones.

### **Vision, mission and values**

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

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

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

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

A team of approximately 134 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.

This report was approved by the board on 5 December 2014 and signed on its behalf.

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

We have audited the financial statements of Vascroft Holdings Limited for the year ended 31 August 2014, which comprise the consolidated Profit and loss account, the consolidated and company Balance sheets, the consolidated 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 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.

### **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 Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 August 2014 and of the group's 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' report and the Group strategic report for the financial year 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 "Amrish Shah", written over a horizontal line.

Amrish Shah FCA (Senior statutory auditor)  
for and on behalf of  
Grant Thornton UK LLP  
Statutory Auditor  
Chartered Accountants  
London

5 December 2014

## Consolidated Profit and Loss Account

For the year ended 31 August 2014

	Note	2014 £	2013 £
<b>Turnover</b>	1,2	<b>39,881,633</b>	44,488,296
Cost of sales		<u>(32,982,375)</u>	<u>(36,710,305)</u>
<b>Gross profit</b>		<b>6,899,258</b>	7,777,991
Administrative expenses		<u>(4,030,442)</u>	<u>(4,874,594)</u>
<b>Operating profit</b>	3	<b>2,868,816</b>	2,903,397
Interest receivable and similar income		<b>35,560</b>	1,110
Interest payable and similar charges	7	<u>(41,701)</u>	<u>(47,294)</u>
<b>Profit on ordinary activities before taxation</b>		<b>2,862,675</b>	2,857,213
Tax on profit on ordinary activities	8	<u>(809,885)</u>	<u>(864,569)</u>
<b>Profit for the financial year</b>	19	<u><b>2,052,790</b></u>	<u>1,992,644</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and loss account.

The notes on pages 13 to 26 form part of these financial statements.

## Consolidated Balance Sheet

As at 31 August 2014

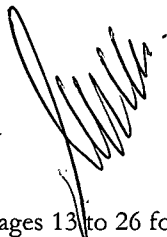
	Note	£	2014 £	£	2013 £
<b>Fixed assets</b>					
Intangible assets	9		5,919,046		6,744,959
Tangible assets	10		4,937,655		4,909,415
Investment properties	11		1,542,451		1,542,451
			<u>12,399,152</u>		<u>13,196,825</u>
<b>Current assets</b>					
Debtors	13	11,299,532		11,153,582	
Cash at bank and in hand		12,746		1,041,401	
		<u>11,312,278</u>		<u>12,194,983</u>	
<b>Creditors: amounts falling due within one year</b>	14	(8,820,634)		(9,648,286)	
<b>Net current assets</b>			<u>2,491,644</u>		<u>2,546,697</u>
<b>Total assets less current liabilities</b>			<u>14,890,796</u>		<u>15,743,522</u>
<b>Creditors: amounts falling due after more than one year</b>	15		(2,409,691)		(5,023,959)
<b>Provisions for liabilities</b>					
Deferred tax	16	(99,007)		(106,768)	
Other provisions	17	(1,696,085)		(1,979,572)	
			<u>(1,795,092)</u>		<u>(2,086,340)</u>
<b>Net assets</b>			<u><u>10,686,013</u></u>		<u><u>8,633,223</u></u>
<b>Capital and reserves</b>					
Called up share capital	18		10		10
Merger relief reserve	19		5,799,991		5,799,991
Profit and loss account	19		4,886,012		2,833,222
<b>Shareholders' funds</b>	20		<u><u>10,686,013</u></u>		<u><u>8,633,223</u></u>

## Consolidated Balance Sheet (continued)

As at 31 August 2014

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 5 December 2014.

Mr S K Vekaria  
Director



Mr M S Vekaria  
Director



The notes on pages 13 to 26 form part of these financial statements.

## Company Balance Sheet

As at 31 August 2014


	Note	£	2014 £	£	2013 £
<b>Fixed assets</b>					
Investments	12		13,800,001		13,800,001
<b>Current assets</b>					
Debtors	13	1		1	
Cash at bank		7,615		7,330	
		<u>7,616</u>		<u>7,331</u>	
<b>Creditors: amounts falling due within one year</b>	14	(61)		(15)	
<b>Net current assets</b>			<u>7,555</u>		<u>7,316</u>
<b>Total assets less current liabilities</b>			<u>13,807,556</u>		<u>13,807,317</u>
<b>Creditors: amounts falling due after more than one year</b>	15	(825,000)		(3,300,000)	
<b>Net assets</b>			<u><u>12,982,556</u></u>		<u><u>10,507,317</u></u>
<b>Capital and Reserves</b>					
Called up share capital	18	10		10	
Merger relief reserve	19	5,799,991		5,799,991	
Profit and loss account	19	7,182,555		4,707,316	
<b>Shareholders' funds</b>	20		<u><u>12,982,556</u></u>		<u><u>10,507,317</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 5 December 2014.

Mr S K Vekaria  
Director



Mr M S Vekaria  
Director



The notes on pages 13 to 26 form part of these financial statements.

## Consolidated Cash Flow Statement

For the year ended 31 August 2014

	Note	2014 £	2013 £
Net cash flow from operating activities	21	2,509,910	4,185,570
Returns on investments and servicing of finance	22	(6,141)	(46,184)
Taxation		(1,157,578)	(607,884)
Capital expenditure and financial investment	22	(122,209)	(126,432)
<b>Cash inflow before financing</b>		<b>1,223,982</b>	<b>3,405,070</b>
Financing	22	(2,660,144)	(2,544,039)
<b>(Decrease)/Increase in cash in the year</b>		<b>(1,436,162)</b>	<b>861,031</b>

## Reconciliation of Net Cash Flow to Movement in Net Debt

For the year ended 31 August 2014

	2014 £	2013 £
(Decrease)/Increase in cash in the year	(1,436,162)	861,031
Cash outflow from decrease in debt and lease financing	2,660,144	2,544,039
<b>Movement in net debt in the year</b>	<b>1,223,982</b>	<b>3,405,070</b>
Net debt at 1 September 2013	(4,700,369)	(8,105,439)
<b>Net debt at 31 August 2014</b>	<b>(3,476,387)</b>	<b>(4,700,369)</b>

The notes on pages 13 to 26 form part of these financial statements.

# Notes to the Financial Statements

For the year ended 31 August 2014

## 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 year 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 group in respect of goods and services supplied during the year, 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 year ended 31 August 2014

## 1. Accounting Policies (continued)

### 1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost 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 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.

### 1.10 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.

# Notes to the Financial Statements

For the year ended 31 August 2014

## 1. Accounting Policies (continued)

### 1.11 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.

### 1.12 Pensions

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

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

### 1.13 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:

	2014 £	2013 £
Property construction	39,635,893	44,293,409
Rental income	245,740	194,887
	<u>39,881,633</u>	<u>44,488,296</u>

All turnover arose within the United Kingdom.

# Notes to the Financial Statements

For the year ended 31 August 2014

## 3. Operating profit

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

	2014	2013
	£	£
Amortisation - intangible fixed assets	825,913	825,913
Depreciation of tangible fixed assets:		
- owned by the group	88,257	88,617
- held under finance leases	-	8,453
Operating lease rentals:		
- plant and machinery	6,799	6,921
Difference on foreign exchange	797	(7,516)
	<u>          </u>	<u>          </u>

## 4. Auditor's remuneration

	2014	2013
	£	£
Fees payable to the company's auditor for the audit of the company's annual accounts	2,125	2,125
Fees payable to the company's auditor in respect of:		
The auditing of accounts of subsidiaries of the company	19,125	19,000
	<u>          </u>	<u>          </u>

## 5. Staff costs

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

	2014	2013
	£	£
Wages and salaries	4,399,926	4,678,626
Social security costs	455,914	491,623
Other pension costs	319,792	370,731
	<u>          </u>	<u>          </u>
	5,175,632	5,540,980
	<u>          </u>	<u>          </u>

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

	2014	2013
	No.	No.
Production	88	90
Administration	44	43
Management	2	2
	<u>          </u>	<u>          </u>
	134	135
	<u>          </u>	<u>          </u>

# Notes to the Financial Statements

For the year ended 31 August 2014

## 6. Directors' remuneration

	2014 £	2013 £
Remuneration	267,258	300,000
Company pension contributions to defined contribution pension schemes	40,000	-

During the year retirement benefits were accruing to 1 director (2013 - NIL) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £153,000 (2013 - £150,000).

## 7. Interest payable

	2014 £	2013 £
On bank loans and overdrafts	304	450
On other loans	40,746	44,925
On finance leases and hire purchase contracts	-	236
Other interest payable	651	1,683
	41,701	47,294

## 8. Taxation

	2014 £	2013 £
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit for the year	817,646	866,028
<b>Deferred tax</b> (see note 16)		
Origination and reversal of timing differences	(7,761)	(1,459)
<b>Tax on profit on ordinary activities</b>	809,885	864,569

# Notes to the Financial Statements

For the year ended 31 August 2014

## 8. Taxation (continued)

### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2013 - higher than) the standard rate of corporation tax in the UK of 22.17% (2013 - 23.58%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	2,862,675	2,857,213
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 22.17% (2013 - 23.58%)	634,655	673,731
<b>Effects of:</b>		
Expenses not deductible for tax purposes	184,495	195,170
Capital allowances for year different to depreciation	(82)	(5,350)
Short term timing difference leading to a (decrease)/increase in taxation	(7,067)	1,459
Other differences	4,739	2,479
Different tax rate of subsidiary	906	(1,461)
<b>Current tax charge for the year (see note above)</b>	<b>817,646</b>	<b>866,028</b>

## 9. Intangible fixed assets

Group	Goodwill arising on consol'n £
<b>Cost</b>	
At 1 September 2013 and 31 August 2014	8,259,133
<b>Amortisation</b>	
At 1 September 2013	1,514,174
Charge for the year	825,913
At 31 August 2014	2,340,087
<b>Net book value</b>	
At 31 August 2014	5,919,046
At 31 August 2013	6,744,959

# Notes to the Financial Statements

For the year ended 31 August 2014

## 10. Tangible fixed assets

Group	Freehold property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
<b>Cost</b>					
At 1 September 2013	4,333,678	697,021	280,289	289,393	5,600,381
Additions	56,465	42,946	-	22,798	122,209
Disposals	-	(10,750)	-	-	(10,750)
At 31 August 2014	4,390,143	729,217	280,289	312,191	5,711,840
<b>Depreciation</b>					
At 1 September 2013	-	345,165	162,573	183,228	690,966
Charge for the year	-	39,482	29,429	19,346	88,257
On disposals	-	(5,038)	-	-	(5,038)
At 31 August 2014	-	379,609	192,002	202,574	774,185
<b>Net book value</b>					
At 31 August 2014	4,390,143	349,608	88,287	109,617	4,937,655
At 31 August 2013	4,333,678	351,856	117,716	106,165	4,909,415

## 11. Investment properties

Group	Freehold investment property £
<b>Cost</b>	
At 1 September 2013 and 31 August 2014	1,542,451

## 12. Fixed asset investments

### Subsidiary undertakings

The following were subsidiary undertakings of the company, and incorporated in the UK:

Name	Class of shares	Holding
Vascroft Contractors Limited	Ordinary Shares	100%
Vascroft Estates Limited	Ordinary Shares	100%
Name	Business	
Vascroft Contractors Limited	Building contractor	
Vascroft Estates Limited	Property rental	

# Notes to the Financial Statements

For the year ended 31 August 2014

## 12. Fixed asset investments (continued)

Company	Investments in subsidiary companies £
Cost or valuation	
At 1 September 2013 and 31 August 2014	13,800,001
Net book value	
At 31 August 2014	13,800,001
At 31 August 2013	13,800,001

## 13. Debtors

	Group		Company	
	2014 £	2013 £	2014 £	2013 £
<b>Due after more than one year</b>				
Other debtors	466,243	370,090	-	-
<b>Due within one year</b>				
Trade debtors	6,924,206	6,588,014	-	-
Other debtors	1,988,363	2,949,008	1	1
Prepayments and accrued income	166,783	178,010	-	-
Amounts recoverable on long term contracts	1,753,937	1,068,460	-	-
	<u>11,299,532</u>	<u>11,153,582</u>	<u>1</u>	<u>1</u>

The group trade debtors together with other debtors of £2,173,554 (2013: £2,749,985) relate to amounts recoverable on contracts.

# Notes to the Financial Statements

For the year ended 31 August 2014

## 14. Creditors:

### Amounts falling due within one year

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Bank loans and overdrafts	1,325,008	917,501	-	-
Trade creditors	2,423,224	2,795,478	-	-
Amounts owed to group undertakings	-	-	1	1
Corporation tax	180,146	520,078	60	14
Social security and other taxes	280,556	278,076	-	-
Accruals and deferred income	4,611,700	5,137,153	-	-
	<b>8,820,634</b>	<b>9,648,286</b>	<b>61</b>	<b>15</b>

## 15. Creditors:

### Amounts falling due after more than one year

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Bank loans	1,339,125	1,524,269	-	-
Other loans	825,000	3,300,000	825,000	3,300,000
Trade creditors	245,566	199,690	-	-
	<b>2,409,691</b>	<b>5,023,959</b>	<b>825,000</b>	<b>3,300,000</b>

Included within the above are amounts falling due as follows:

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
<b>Between two and five years</b>				
Bank loans	751,398	703,170	-	-
Other loans	-	500,000	-	500,000
<b>Over five years</b>				
Bank loans	587,727	821,099	-	-
Other loans	825,000	2,800,000	825,000	2,800,000

# Notes to the Financial Statements

For the year ended 31 August 2014

## 15. Creditors:

### Amounts falling due after more than one year (continued)

Creditors include amounts not wholly repayable within 5 years as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Repayable by instalments	<b>1,412,727</b>	<b>3,621,099</b>	<b>825,000</b>	<b>2,800,000</b>

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

The bank loans and overdrafts amounting to £2,664,133 (2013: £2,441,770) are secured by a charge on the freehold property.

Other loans of £825,000 (2013: £3,300,000) represent loan notes issued to the directors. These loan notes are unsecured, carry no interest and are repayable in equal annual installments by 2022. A repayment of £2,475,000 was made during the year.

## 16. Deferred taxation

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At beginning of year	<b>106,768</b>	<b>108,227</b>	-	-
Credit for the year	<b>(7,761)</b>	<b>(1,459)</b>	-	-
At end of year	<b>99,007</b>	<b>106,768</b>	-	-

The provision for deferred taxation is made up as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Excess of taxation allowances over depreciation on fixed assets	<b>99,007</b>	<b>106,768</b>	-	-

# Notes to the Financial Statements

For the year ended 31 August 2014

## 17. Provisions

	Provisions £
<b>Group</b>	
At 1 September 2013	1,979,572
Released to the profit and loss account	(283,487)
	<hr/>
At 31 August 2014	1,696,085
	<hr/>

### Provisions

The provision relates to the anticipated losses in respect of current projects or projects awaiting final accounts. These provisions are the directors' best estimate of the amounts payable.

The Company has no provisions.

## 18. Share capital

	2014 £	2013 £
<b>Allotted, called up and unpaid</b>		
1,000 Ordinary shares shares of £0.01 each	10	10
	<hr/>	<hr/>

## 19. Reserves

	Merger relief reserve £	Profit and loss account £
<b>Group</b>		
At 1 September 2013	5,799,991	2,833,222
Profit for the year	-	2,052,790
	<hr/>	<hr/>
At 31 August 2014	5,799,991	4,886,012
	<hr/>	<hr/>
<b>Company</b>		
At 1 September 2013	5,799,991	4,707,316
Profit for the year	-	2,475,239
	<hr/>	<hr/>
At 31 August 2014	5,799,991	7,182,555
	<hr/>	<hr/>

# Notes to the Financial Statements

For the year ended 31 August 2014

## 20. Reconciliation of movement in shareholders' funds

	2014	2013
	£	£
<b>Group</b>		
Opening shareholders' funds	8,633,223	6,640,579
Profit for the financial year	2,052,790	1,992,644
	<u>10,686,013</u>	<u>8,633,223</u>
Closing shareholders' funds		
	<u>10,686,013</u>	<u>8,633,223</u>
	2014	2013
	£	£
<b>Company</b>		
Opening shareholders' funds	10,507,317	8,307,259
Profit for the financial year	2,475,239	2,200,058
	<u>12,982,556</u>	<u>10,507,317</u>
Closing shareholders' funds		
	<u>12,982,556</u>	<u>10,507,317</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 year dealt with in the accounts of the company was £2,475,239 (2013 - £2,200,058).

## 21. Net cash flow from operating activities

	2014	2013
	£	£
Operating profit	2,868,816	2,903,397
Amortisation of intangible fixed assets	825,913	825,913
Depreciation of tangible fixed assets	88,257	97,070
Loss on disposal of tangible fixed assets	5,712	-
Increase in debtors	(145,950)	(1,625,480)
(Decrease)/increase in creditors	(849,351)	953,598
(Decrease)/increase in provisions	(283,487)	1,031,072
	<u>2,509,910</u>	<u>4,185,570</u>
<b>Net cash inflow from operating activities</b>		
	<u>2,509,910</u>	<u>4,185,570</u>

## Notes to the Financial Statements

For the year ended 31 August 2014

**22. Analysis of cash flows for headings netted in cash flow statement**

	2014 £	2013 £
<b>Returns on investments and servicing of finance</b>		
Interest received	35,560	1,110
Interest paid	(41,701)	(47,058)
Hire purchase interest	-	(236)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(6,141)</b>	<b>(46,184)</b>
	2014 £	2013 £
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(122,209)	(126,432)
	2014 £	2013 £
<b>Financing</b>		
Repayment of bank loans	(185,144)	(342,061)
Repayment of other loans	(2,475,000)	(2,200,000)
Repayment of finance leases	-	(1,978)
<b>Net cash outflow from financing</b>	<b>(2,660,144)</b>	<b>(2,544,039)</b>

**23. Analysis of changes in net debt**

	1 September 2013 £	Cash flow £	Other non-cash changes £	31 August 2014 £
Cash at bank and in hand	1,041,401	(1,028,655)	-	12,746
Bank overdraft	(917,501)	(407,507)	-	(1,325,008)
	<u>123,900</u>	<u>(1,436,162)</u>	<u>-</u>	<u>(1,312,262)</u>
<b>Debt:</b>				
Debts due within one year	-	2,660,144	(2,660,144)	-
Debts falling due after more than one year	(4,824,269)	-	2,660,144	(2,164,125)
<b>Net debt</b>	<b>(4,700,369)</b>	<b>1,223,982</b>	<b>-</b>	<b>(3,476,387)</b>

# Notes to the Financial Statements

For the year ended 31 August 2014

## 24. Contingent liabilities

There were no contingent liabilities as at 31 August 2014 or 31 August 2013.

## 25. Pension commitments

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £319,792 (2013: £370,731). Contributions totalling £5,041 (2013: £nil) were payable to the fund at the balance sheet date.

## 26. Related party transactions

The company 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.

Related party transaction with companies outside of the group:

Sales to Vas Energy Brokers Limited of £nil (2013: £621), Hindu Today Limited £288 (2013: £398) and Quada (Esher) Limited £509,718 (2013: £2,761,303). Vas Energy Brokers Limited and Hindu Today Limited are related by common directorship. Quada (Esher) Limited is related as one of the directors of Vascroft Holdings Limited is a shareholder.

At the year end, Quada (Esher) Limited owed Vascroft Contractors Limited £1,324,091 (2013: £814,372). Vas Energy Brokers Limited and Hindu Today Limited owed £nil (2013: £nil). Of the provision for losses detailed in note 17, £582,429 is in relation to Quada (Esher) Limited.

## 27. Controlling party

The ultimate controlling party is considered to be the SAV Trust.