

Company Registration No. 07721503 (England and Wales)

VASCROFT HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

KLSA
Chartered Accountants

PKF
Member firm of PKF International Ltd

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VASCROFT HOLDINGS LIMITED

COMPANY INFORMATION

Directors Mr S K Vekaria
Mr M S Vekaria

Secretary Mrs C Vora

Company number 07721503

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VASCROFT HOLDINGS LIMITED

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VASCROFT HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

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

Business Review

Turnover for the year ended 31 August 2021 amounted to £48m compared to £52m for the previous year and the operating profit for the year was £5.5m compared to £2.5m in the previous year. The net assets position at the year-end was £34m (2020: £29.3m). This was in line with the Group's expectations.

As the group celebrates its 45th year of excellence in construction, the group continues to secure more projects by obtaining new clients and by retaining the business of its key clients. This all has been possible because the group's ethos and driving force of all its stakeholders is to provide excellence. The group's vision, mission and values statements continues to reflect the ever dynamic outlook of the construction industry and are filtered throughout the organisation. The group is committed to its corporate social responsibilities in the heart of all operations and its social, economic and environmental sustainability. We know that if we are to be a true market leader, we need to minimise the impact of our activities on the environment and its surroundings inclusive of the communities that serve these areas. To this end, the group continues to maintain its ISO 9001 and ISO 14001 accreditations.

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 interest rate risk and price risk.

Interest rate

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.

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.

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 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.

VASCROFT HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Other risks and uncertainties

The recent outbreak and global spread of the COVID-19 is having a significant and prolonged impact on global economic conditions. Governments and public bodies in affected countries have introduced temporary emergency public measures such as travel bans, quarantines and public lockdowns. This global pandemic is moving from an emerging risk for the business to a principal risk.

Whilst the increasing uncertainty will be challenging, to support planning for, assessment of, and mitigate, the impact of COVID-19, we will continue to:

- Fully follow all government advice for employers;
- Promote the importance of, and access to, hand hygiene facilities and social distancing;
- Review our business continuity plans;
- Update HR, technology, telephony and information policies and systems where appropriate and communicate these to all staff;
- Make changes to our recruitment and on-boarding processes so that we can continue to recruit and induct new staff;
- Revise team communications strategies to ensure that management can adequately supervise and support employees;
- Increase employee well-being support and provision of additional safety equipment;
- Assess our principal risks to understand their continuing relevance and what this means for delivering our strategic objectives;
- Engage key stakeholders to discuss COVID-19.

Key performance indicators

The group's key performance indicators are revenue, gross margin and net assets. These allow the directors and the management to monitor the growth as well as the profitability of the group. Turnover for the year generated from the principal business activities amounted to £48m (2020: £52m) whilst our headline gross margin was £9.2m (2020: £7.6m). The net assets position as at the year-end was £34m (2020: £29.3m). Our focus remains of not chasing higher turnover levels with compromised margins and as such the performance is in line with the expectations as set by the board. The directors consider these performance indicators to be satisfactory. The group maintains a satisfactory order book that entails all current secured jobs which is used as an indicator of future business activity levels.

The key non-financial performance indicators of the company are timely and quality delivery of the provision of construction services as per agreements with customers, and stakeholder relationships.

The directors are of the belief that the monitoring of the above-mentioned indicators is an effective aspect of business performance review.

VASCROFT HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

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, community, 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.

Vision, mission and values

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

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

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

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

A team of approximately 100 professionals is also integral to our success. Our staff are undoubtedly our greatest assets. They are committed to putting our customers' needs first and all share a passion for the group. 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.

COVID-19 and Going Concern

As explained in more detail in note 1.2 of the financial statements, the COVID-19 pandemic is having an impact on the operations of the group. The directors are monitoring the group's performance and have taken measures to mitigate the impact of COVID-19 on its activities.

Following the government's instructions to help contain the outbreak of COVID-19, the group has introduced measures to improve the health and safety of its employees and customers. Regular testing is carried out on all its sites and head office. The group is working very closely with suppliers to ensure continuous supply and to avoid delays.

The group is able to fund its costs and meet its liabilities, through utilisation of existing cash resources and reserves. The group had cash resources amounting to £16.8m (2020: £19.3m) at the year-end.

At the reporting date, the net current assets exceeded the net current liabilities by £27.3 (2020: £20.2m).

The group has chosen to adopt the going concern assumption in preparing its financial statements as it has continued to operate as per the revised budgeted targets. The group is in discussions with some of its customers for extension of the completion dates on contracts due to the impact of COVID-19 on the operations.

VASCROFT HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Section 172 statement

The directors, in good faith and in line with their duties have complied with the requirements of s172 of the Companies Act 2006, in promoting the long-term success of the Company for the benefit of all stakeholders. The following disclosure describes how the directors have had regard to the matters set out in section 172(1)(a) to (f) and forms the directors' statement required under section 414CZA of The Companies Act 2006.

Engagement with stakeholders

The directors consider its shareholders, employees, clients, suppliers, sub-contractors and local communities to be its core stakeholder groups. We are committed to effective engagement with all our stakeholders. We are mindful that success depends on our ability to engage effectively, work together constructively, and to take all stakeholder views into account. We engage regularly with our stakeholders and address matters which concern them.

Shareholder

The group is headed by Vascroft Holdings Ltd. We create value for the Group by generating strong and sustainable results that translate into dividends. We discuss our performance in management meetings. The directors routinely engage with the Group on the performance of the business and develop a clear understanding of their needs and assess their perspectives through regular dialogue.

Employees

In line with Company's ethos, protecting the health, safety and wellbeing of everyone who engages with our business is our number one priority. It continues to be our core focus, and we have sought to promote health and safety awareness updates to our employees and other stakeholders. This has also involved extensive training programs as well as an expansion of our health and safety team. Furthermore, we are committed to a diverse and inclusive work environment and helping our employees gain skills that support their personal ambitions and drive the business forward. The Company recognises the need to ensure effective training for employees and has developed various training programmes inclusive of apprenticeships programmes. All new employees attend a formal induction from our HR team, which includes a presentation on the company's vision, mission and values.

Clients

We aim to develop long-term relationships with our clients by retaining their business as well as obtaining new clients through recommendations and tendering. Our order book remains resilient with secured projects to the value of £61m. Our mission statement is 'to be the contractor of choice for all our clients and to continue to build positive relationships to deliver excellence'. We have a dedicated 'After care' department that specifically provides aftercare support to enhance client experience and ensure our projects are delivered to the highest possible standard.

Suppliers and Subcontractors

Our suppliers and subcontractors are critical to our operations and we take a long-term collaborative approach to working with them. They take pride in representing our brand in the market. In addition to operating tender processes for a fair selection, we also strive to ensure payments are done in a timely manner to our supply chain and have continued doing so throughout the current challenging times.

VASCROFT HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Communities

As well as working on community projects such as temples, we also proactively engage with the local communities impacted by our projects to alleviate any concerns they may have. We engage with the local communities close to where we work in a number of ways, including regular project updates through letters and newsletters as well as visits to and from local schools and universities to build engagement. We encourage people to get in touch with us if they have any concerns.

Principal decisions

We define principal decisions as those that are material to the Company and those that are significant to our stakeholders. The Directors have considered the outcomes from our stakeholder engagement as well as the need to maintain the Company's reputation for high standards of business conduct and to act fairly. As stated above, a significant amount of our workload is undertaken for existing and retained clients. As part of the procurement process for securing these projects there is normally a lot of emphasis on how we engage with our employers, suppliers, sub-contractors and the local communities we work in.

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



Mr M S Vekaria

Director

4 November 2021

VASCROFT HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

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

Principal activities

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

The principal activity of the group companies during the period was that of carrying out construction activities. 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 strategic report.

Results and dividends

The results for the year are set out on page 14.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr S K Vekaria

Mr M S Vekaria

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Auditor

The auditor, KLSA LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Energy and carbon report

As per the requirements of the Companies (Directors' Report and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 which came into force on 1 April 2019, the group is required to present the carbon footprint of its operations and measures introduced to improve efficiency.

VASCROFT HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

	2021 kWh	2020 kWh
<i>Energy consumption</i>		
Aggregate of energy consumption in the year	1,021,737	1,077,354
<i>Emissions of CO2 equivalent</i>	Metric tonnes	Metric tonnes
Scope 1 - direct emissions		
- Gas combustion	65.97	68.72
- Fuel consumed for owned transport	74.15	74.60
	140.12	143.32
Scope 2 - indirect emissions		
- Electricity purchased	90.55	94.96
Scope 3 - other indirect emissions		
- Fuel consumed for transport not owned by the company	-	-
Total gross emissions	230.67	238.28
<i>Intensity ratio</i>		
Kilogram CO2e per £	0.0048	0.0045

Quantification and reporting methodology

The group has followed the 2019 HM Government Environmental Reporting Guidelines. The group has also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric Kg CO2e per £ Turnover, the recommended ratio for the sector.

Data Assumptions

- Assumption made that fleet and company owned vehicles are all medium engine sized.
- Sites excluded in this report are energy consumption controlled by Client.

Measures taken to improve energy efficiency

We have implemented the policies below for the purpose of increasing energy efficiency.

- LED Lighting and motion sensors for Office usage.
- Upgraded laptops to more energy efficient ones.
- Policy among staff to reduce plug load end of the day.
- Increased availability and encouraged use of video conferencing by introduction of Microsoft Teams.
- Reduce travel costs by using public transport to sites where possible instead of fleet cars.
- Reduced travel costs by reducing number of in person meetings with external stake holders.
- Use of Hybrid cars for site visits.
- Joinery upgraded to Energy efficient Gas heaters.

We are committed to responsible energy management and will practice energy efficiency throughout our organization, wherever it is cost effective. We recognize that climate change is one of the most serious environmental challenges currently threatening the global community and we understand we have a role to play in reducing greenhouse gas emissions. Company operates to ISO 14001:2015 Environment Management System and promotes sustainability in built environment design. The company was also shortlisted for BRE BREEAM Awards in 2018 and 2019.

VASCROFT HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board



Mr M S Vekaria
Director

4 November 2021

VASCROFT HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2021

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

VASCROFT HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VASCROFT HOLDINGS LIMITED

Opinion

We have audited the financial statements of Vascroft Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 August 2021 which comprise the group income statement, the group statement of comprehensive income, the group statement of financial position, the company statement of financial position, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 August 2021 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.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

VASCROFT HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF VASCROFT HOLDINGS LIMITED

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept 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.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

VASCROFT HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF VASCROFT HOLDINGS LIMITED

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

Extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations

To identify risks of material misstatement due to any irregularities, including fraud and non-compliance with laws and regulations, we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- the engagement partner ensured that the engagement team collectively had the appropriate competence,
- capabilities and skills to identify or recognise non-compliance with applicable laws and regulations
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the sector; and
- we focused on specific laws and regulations which we considered may have a direct material effect on the operations of the company
- financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, employment, health and safety legislation and The Building Regulations 2010.

We assessed the susceptibility of the group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 2 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

To address the risk of non-compliance with laws and regulations, we communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation) and taxation legislation (including payroll taxes) and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statements items.

Secondly, the group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the subsidiary company's license to operate. We identified the following areas as those most likely to have such an effect: Buildings Regulations, 2010 and healthcare and safety legislation regulations. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

VASCROFT HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF VASCROFT HOLDINGS LIMITED

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

Use of our report

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



Shilpa Chheda (Senior Statutory Auditor)
For and on behalf of KLSA LLP

4 November 2021

Chartered Accountants
Statutory Auditor

Kalamu House
11 Coldbath Square
London
EC1R 5HL

VASCROFT HOLDINGS LIMITED

GROUP INCOME STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 £	2020 £
Revenue	3	48,190,951	52,382,986
Cost of sales		(38,999,077)	(44,779,765)
Gross profit		9,191,874	7,603,221
Administrative expenses		(3,841,207)	(5,483,563)
Other operating income		119,641	387,147
Operating profit	4	5,470,308	2,506,805
Investment income	8	759,925	274,633
Other gains and losses	9	-	1,070,000
Profit before taxation		6,230,233	3,851,438
Tax on profit	10	(1,264,863)	(172,633)
Profit for the financial year		4,965,370	3,678,805

Profit for the financial year is all attributable to the owners of the parent company.

VASCROFT HOLDINGS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 AUGUST 2021

	2021 £	2020 £
Profit for the year	4,965,370	3,678,805
Other comprehensive income		
Revaluation of property, plant and equipment	-	3,160,000
Tax relating to other comprehensive income	(297,846)	(636,481)
Other comprehensive income for the year	(297,846)	2,523,519
Total comprehensive income for the year	4,667,524	6,202,324

Total comprehensive income for the year is all attributable to the owners of the parent company.

VASCROFT HOLDINGS LIMITED

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Goodwill	11		137,655		963,568
Property, plant and equipment	12		9,892,347		10,099,735
Investment properties	13		5,760,000		5,760,000
			<u>15,790,002</u>		<u>16,823,303</u>
Current assets					
Trade and other receivables falling due after more than one year	16	1,495,667		948,052	
Trade and other receivables falling due within one year	16	20,862,514		12,874,100	
Cash and cash equivalents		16,848,719		19,281,474	
			<u>39,206,900</u>		<u>33,103,626</u>
Current liabilities	17	(11,953,548)		(12,889,823)	
Net current assets			<u>27,253,352</u>		<u>20,213,803</u>
Total assets less current liabilities			<u>43,043,354</u>		<u>37,037,106</u>
Non-current liabilities	18		(688,326)		(551,778)
Provisions for liabilities					
Provisions	19	6,345,913		5,614,374	
Deferred tax liability	20	2,017,307		1,546,670	
			<u>(8,363,220)</u>		<u>(7,161,044)</u>
Net assets			<u>33,991,808</u>		<u>29,324,284</u>
Equity					
Called up share capital	22		10		10
Revaluation reserve			5,781,042		6,259,888
Merger relief reserve			5,799,991		5,799,991
Retained earnings			22,410,765		17,264,395
Total equity			<u>33,991,808</u>		<u>29,324,284</u>

The financial statements were approved by the board of directors and authorised for issue on 4 November 2021 and are signed on its behalf by:


Mr S K Vekaria
Director


Mr M S Vekaria
Director

VASCROFT HOLDINGS LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Investment properties	13	9,750,000		9,750,000	
Investments	14	13,800,001		13,800,001	
		<u>23,550,001</u>		<u>23,550,001</u>	
Current assets					
Trade and other receivables	16	1	1		
Cash and cash equivalents		10,059,827		10,001,104	
		<u>10,059,828</u>		<u>10,001,105</u>	
Current liabilities	17	(5,106,945)		(5,455,427)	
Net current assets		<u>4,952,883</u>		<u>4,545,678</u>	
Total assets less current liabilities		<u>28,502,884</u>		<u>28,095,679</u>	
Provisions for liabilities					
Deferred tax liability	20	1,241,025		943,178	
		<u>(1,241,025)</u>		<u>(943,178)</u>	
Net assets		<u>27,261,859</u>		<u>27,152,501</u>	
Equity					
Called up share capital	22	10	10		
Merger relief reserve		5,799,991		5,799,991	
Retained earnings		21,461,858		21,352,500	
Total equity		<u>27,261,859</u>		<u>27,152,501</u>	

As permitted by s408 Companies Act 2006, the company has not presented its own income statement and related notes. The company's profit for the year was £109,358 (2020 - £12,878,559 profit).

The financial statements were approved by the board of directors and authorised for issue on 4 November 2021 and are signed on its behalf by:



Mr S K Vekaria
Director



Mr M S Vekaria
Director

Company Registration No. 07721503

VASCROFT HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2021

	Share capital	Revaluation reserve	Merger relief reserve	Retained earnings	Total
	£	£	£	£	£
Balance at 1 September 2019	10	3,736,369	5,799,991	13,585,590	23,121,960
Year ended 31 August 2020:					
Profit for the year	-	-	-	3,678,805	3,678,805
Other comprehensive income:					
Revaluation of property, plant and equipment	-	3,160,000	-	-	3,160,000
Tax relating to other comprehensive income	-	(636,481)	-	-	(636,481)
Total comprehensive income for the year	-	2,523,519	-	3,678,805	6,202,324
Balance at 31 August 2020	10	6,259,888	5,799,991	17,264,395	29,324,284
Year ended 31 August 2021:					
Profit for the year	-	-	-	4,965,370	4,965,370
Other comprehensive income:					
Tax relating to other comprehensive income	-	(297,846)	-	-	(297,846)
Total comprehensive income for the year	-	(297,846)	-	4,965,370	4,667,524
Transfers	-	(181,000)	-	181,000	-
Balance at 31 August 2021	10	5,781,042	5,799,991	22,410,765	33,991,808

Included in the profit and loss reserves are undistributable reserves (net of deferred tax) amounting to £8,689,277 (2020: £9,149,029).

VASCROFT HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2021

	Share capital £	Merger relief reserve £	Retained earnings £	Total £
Balance at 1 September 2019	10	5,799,991	8,473,941	14,273,942
Year ended 31 August 2020:				
Profit and total comprehensive income for the year	-	-	12,878,559	12,878,559
Balance at 31 August 2020	10	5,799,991	21,352,500	27,152,501
Year ended 31 August 2021:				
Profit and total comprehensive income for the year	-	-	109,358	109,358
Balance at 31 August 2021	10	5,799,991	21,461,858	27,261,859

VASCROFT HOLDINGS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	27	5,877,322		7,017,195	
Income taxes paid		(365,479)		(596,305)	
Net cash inflow from operating activities		5,511,843		6,420,890	
Investing activities					
Purchase of property, plant and equipment		(4,523)		(113,378)	
Loans made		(8,700,000)		(2,000,000)	
Interest received		759,925		274,633	
Net cash used in investing activities		(7,944,598)		(1,838,745)	
Net (decrease)/increase in cash and cash equivalents		(2,432,755)		4,582,145	
Cash and cash equivalents at beginning of year		19,281,474		14,699,329	
Cash and cash equivalents at end of year		16,848,719		19,281,474	

VASCROFT HOLDINGS LIMITED

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	28	79,003		83,516	
Income taxes paid		(83,280)		(83,516)	
Net cash outflow from operating activities		(4,277)			-
Investing activities					
Interest received		63,000		6	
Dividends received		-		10,000,000	
Net cash generated from investing activities		63,000		10,000,006	
Net increase in cash and cash equivalents		58,723		10,000,006	
Cash and cash equivalents at beginning of year		10,001,104		1,098	
Cash and cash equivalents at end of year		10,059,827		10,001,104	

VASCROFT HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

Company information

Vascroft Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Vascroft Estate, 861 Coronation Road, Park Royal, London, NW10 7PT.

The group consists of Vascroft Holdings Limited and all of its subsidiaries.

1.1 Accounting convention

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.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. Investments in subsidiaries are accounted for at cost less impairment.

1.3 Basis of consolidation

The consolidated financial statements incorporate those of Vascroft Holdings Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 31 August 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

VASCROFT HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

1.4 Going concern

The group's operations have not been affected amidst the ongoing Coronavirus pandemic in the current year. The group continued its operations during the third lockdown in January 2021 and did not note any further impact on its operations.

The group is able to fund its costs and meet its liabilities, through utilisation of existing cash resources and reserves. The group had cash resources amounting to £16.8m (2020: £19.9m) at the year-end.

At the reporting date, the net current assets exceeded the net current liabilities by £27.3m (2020: £20.2m).

The directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and so continue to prepare these financial statements on the going concern basis. 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 current cash resources, working capital through banking facilities and in addition cash which is to be generated from a pipeline of future projects.

1.5 Revenue

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

Rendering of services

In respect of long-term contracts, turnover represents the value of the work done in the year, including estimates of amounts not invoiced and is recognised by reference to the stage of completion of each contract, once their outcome can be assessed with reasonable certainty. The profit recognised reflects the proportion of work completed to the balance sheet date of 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 straight line basis over the period of the lease.

Interest income is recognised when it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably. Interest income is accrued when it is due, by reference to the principal outstanding and the effective interest rate applicable.

1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

1.7 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

VASCROFT HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% on Building cost (Straight line)
Plant and equipment	10% on Reducing balance
Fixtures and fittings	15% on Reducing balance
Motor vehicles	25% on Reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.8 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

1.9 Non-current investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issues together with the fair value of any additional consideration paid.

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.10 Impairment of non-current assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

VASCROFT HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.11 Cash and cash equivalents

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

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

1.12 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

VASCROFT HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.13 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

VASCROFT HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.15 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

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

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

1.16 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

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

Termination benefits are recognised immediately as an expense when the group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.17 Retirement benefits

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

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

1.18 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

VASCROFT HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

1.19 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.20 Foreign exchange

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

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

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

1.21 Finance cost

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

VASCROFT HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

We have exercised judgement in evaluating the impact of COVID-19 on the financial statements.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Debtor recoverability

Where outstanding customer debt from 31 August 2021 has still to be wholly or partially recovered by the date of the approval of these financial statements, management have exercised judgment in providing for any bad or doubtful debt. Management has individually considered each outstanding remaining debt in terms of payment history, the status of the current commercial relationship and any future committed business in reaching their decision of the appropriate level of provision to make for each customer.

Rendering of services and loss-making contracts

In respect of long-term contracts, turnover represents the value of the work done in the year, including estimates of amounts not invoiced and is recognised by reference to the stage of completion of each contract, once their outcome can be assessed with reasonable certainty. The profit recognised reflects the proportion of work completed to the Statement of Financial Position date on each project.

Full provision is made for losses estimated by the directors on all contracts in the year in which the loss is first foreseen. Such estimates are based upon the directors' experience and relevant professional advice.

Useful life of Property, Plant and Equipment

Management reviews the useful lives and residual values of the items of property, plant and equipment on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values.

3 Revenue

An analysis of the group's revenue is as follows:

	2021 £	2020 £
Revenue analysed by class of business		
Property construction	48,021,442	52,132,544
Rental income	169,509	250,442
	<u>48,190,951</u>	<u>52,382,986</u>

VASCROFT HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

3 Revenue (Continued)

	2021 £	2020 £
Other significant revenue		
Interest income	759,925	274,633
Grants received	48,152	366,130
Other income	10,882	13,964
	<u> </u>	<u> </u>

4 Operating profit

	2021 £	2020 £
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Operating profit for the year is stated after charging/(crediting):

Exchange losses	946	2,135
Government grants	(48,152)	(366,130)
Depreciation of owned property, plant and equipment	211,911	213,005
(Profit)/loss on disposal of property, plant and equipment	-	8,715
Amortisation of intangible assets	825,913	825,913
	<u> </u>	<u> </u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £946 (2020 - £2,135).

5 Auditor's remuneration

	2021 £	2020 £
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Fees payable to the company's auditor and associates:

For audit services

Audit of the financial statements of the group and company	17,000	15,000
	<u> </u>	<u> </u>

For other services

All other non-audit services	3,000	3,000
	<u> </u>	<u> </u>

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Production staff	33	52	-	-
Administrative staff	35	29	-	-
Managerial staff	4	2	2	2
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	72	83	2	2
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

VASCROFT HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

6 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Wages and salaries	3,696,231	4,080,861	-	-
Social security costs	144,266	139,965	-	-
Pension costs	305,148	330,897	-	-
	<u>4,145,645</u>	<u>4,551,723</u>	<u>-</u>	<u>-</u>

7 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	389,383	383,324
Company pension contributions to defined contribution schemes	20,000	20,000
	<u>409,383</u>	<u>403,324</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2021 £	2020 £
Remuneration for qualifying services	<u>251,667</u>	<u>240,000</u>

8 Investment income

	2021 £	2020 £
Interest income		
Interest on bank deposits	63,000	6
Other interest income	696,925	274,627
Total income	<u>759,925</u>	<u>274,633</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>63,000</u>	<u>6</u>
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VASCROFT HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

9 Other gains and losses

	2021	2020
	£	£
Changes in the fair value of investment properties	-	1,070,000

10 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	1,092,073	355,507
Adjustments in respect of prior periods	-	(419,631)
Total current tax	1,092,073	(64,124)
Deferred tax		
Origination and reversal of timing differences	172,790	236,757
Total tax charge	1,264,863	172,633

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021	2020
	£	£
Profit before taxation	6,230,233	3,851,438
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	1,183,744	731,773
Tax effect of expenses that are not deductible in determining taxable profit	183,084	182,842
Tax effect of income not taxable in determining taxable profit	-	(203,300)
Permanent capital allowances in excess of depreciation	13,518	(5,353)
Research and development tax credit	(288,015)	(350,455)
Under/(over) provided in prior years	-	(419,631)
Deferred tax	172,790	236,757
Effect of super tax deduction	(258)	-
Taxation charge	1,264,863	172,633

VASCROFT HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

10 Taxation

(Continued)

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2021 £	2020 £
Deferred tax arising on: Revaluation of property	297,846	636,481

11 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 September 2020 and 31 August 2021	8,259,133
Amortisation and impairment	
At 1 September 2020	7,295,565
Amortisation charged for the year	825,913
At 31 August 2021	8,121,478
Carrying amount	
At 31 August 2021	137,655
At 31 August 2020	963,568

The company had no intangible fixed assets at 31 August 2021 or 31 August 2020.

VASCROFT HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

12 Property, plant and equipment

Group	Freehold land and buildings £	Plant and equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation					
At 1 September 2020	9,750,000	474,130	141,358	361,758	10,727,246
Additions	-	-	4,523	-	4,523
At 31 August 2021	9,750,000	474,130	145,881	361,758	10,731,769
Depreciation and impairment					
At 1 September 2020	135,000	207,814	91,241	193,456	627,511
Depreciation charged in the year	135,000	26,636	8,196	42,079	211,911
At 31 August 2021	270,000	234,450	99,437	235,535	839,422
Carrying amount					
At 31 August 2021	9,480,000	239,680	46,444	126,223	9,892,347
At 31 August 2020	9,615,000	266,316	50,117	168,302	10,099,735

The company had no property, plant and equipment at 31 August 2021 or 31 August 2020.

The freehold property was valued at £9,750,000 by Bellevue Mortgages, RICS on 30 June 2020 on a fair value basis. However, due to the unknown future impact that COVID-19 might have on the real estate market, the valuation was reported on the basis of 'material valuation uncertainty' in line with RICS guidance. The directors consider that these valuations remain appropriate as at 31 August 2021.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2021 £	2020 £
Group		
Cost	3,225,000	3,225,000
Accumulated depreciation	(89,000)	(44,500)
Carrying value	3,136,000	3,180,500

13 Investment property

	Group 2021 £	Company 2021 £
Fair value		
At 1 September 2020 and 31 August 2021	5,760,000	9,750,000

VASCROFT HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

13 Investment property

(Continued)

The investment property was valued at £5,760,000 by Bellevue Mortgages, RICS on 30 June 2020 on a fair value basis. However, due to the unknown future impact that COVID-19 might have on the real estate market, the valuation was reported on the basis of 'material valuation uncertainty' in line with RICS guidance. The directors consider that these valuations remain appropriate as at 31 August 2021.

14 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Investments in subsidiaries	15	-	-	13,800,001	13,800,001
Movements in non-current investments					
Company					Shares in subsidiaries £
Cost or valuation					
At 1 September 2020 and 31 August 2021					13,800,001
Carrying amount					
At 31 August 2021					13,800,001
At 31 August 2020					13,800,001

15 Subsidiaries

Details of the company's subsidiaries at 31 August 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Vascroft Estates Limited	England and Wales	Property rental	Ordinary	100.00
Vascroft Contractors Limited	England and Wales	Building contractors	Ordinary	100.00

VASCROFT HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

16 Trade and other receivables

	Group 2021 £	2020 £	Company 2021 £	2020 £
Amounts falling due within one year:				
Trade receivables	4,346,754	4,618,657	-	-
Gross amounts owed by contract customers	3,317,480	3,274,472	-	-
Other receivables	12,787,711	4,609,079	1	1
Prepayments and accrued income	410,569	371,892	-	-
	<u>20,862,514</u>	<u>12,874,100</u>	<u>1</u>	<u>1</u>
Amounts falling due after more than one year:				
Other receivables	<u>1,495,667</u>	<u>948,052</u>	<u>-</u>	<u>-</u>
Total debtors	<u>22,358,181</u>	<u>13,822,152</u>	<u>1</u>	<u>1</u>

Included in other receivables are short-term advances on commercial terms amounting to £10,700,000 (2020: £2,000,000) which are secured against legal charges on properties and debentures of the borrowers.

17 Current liabilities

	Group 2021 £	2020 £	Company 2021 £	2020 £
Trade payables	2,299,256	3,203,100	-	-
Amounts owed to group undertakings	-	-	5,011,428	5,372,146
Corporation tax payable	842,080	115,487	95,517	83,281
Other taxation and social security	1,428,104	329,268	-	-
Accruals and deferred income	7,384,108	9,241,968	-	-
	<u>11,953,548</u>	<u>12,889,823</u>	<u>5,106,945</u>	<u>5,455,427</u>

18 Non-current liabilities

	Group 2021 £	2020 £	Company 2021 £	2020 £
Trade payables	<u>688,326</u>	<u>551,778</u>	<u>-</u>	<u>-</u>

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

	Group 2021 £	2020 £	Company 2021 £	2020 £
Provision for contract losses	6,345,913	5,614,374	-	-

Group	£
At 1 September 2020	5,614,374
Additional provisions in the year	1,652,291
Reversal of provision	(920,752)
At 31 August 2021	6,345,913

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2021 £	Liabilities 2020 £
Group		
Accelerated capital allowances	101,676	90,792
Revaluations	1,915,631	1,455,878
	<u>2,017,307</u>	<u>1,546,670</u>
	<u><u>2,017,307</u></u>	<u><u>1,546,670</u></u>
	Liabilities 2021 £	Liabilities 2020 £
Company		
Revaluations	1,241,025	943,178
	<u>1,241,025</u>	<u>943,178</u>

VASCROFT HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

20 Deferred taxation (Continued)

	Group 2021 £	Company 2021 £
Movements in the year:		
Liability at 1 September 2020	1,546,670	943,178
Credit to profit or loss	(17,787)	-
Effect of change in tax rate - profit or loss	488,424	297,847
Liability at 31 August 2021	<u>2,017,307</u>	<u>1,241,025</u>

21 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>305,148</u>	<u>330,897</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

22 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital				
Issued and fully paid				
Ordinary shares of 1p each	<u>1,000</u>	<u>1,000</u>	<u>10</u>	<u>10</u>

23 Reserves

Revaluation Reserve

The revaluation reserve includes all revaluation surpluses of freehold property for current and prior periods.

Merger Reserve

The merger relief reserve arises on the acquisition of subsidiaries.

Profit & loss account

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

24 Operating lease commitments

The group and the company had no commitments under the non-cancellable operating leases as at the reporting date.

VASCROFT HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

25 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2021 £	2020 £
Aggregate compensation	659,781	659,000

26 Controlling party

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

27 Cash generated from group operations

	2021 £	2020 £
Profit for the year after tax	4,965,370	3,678,805
Adjustments for:		
Taxation charged	1,264,863	172,633
Investment income	(759,925)	(274,633)
(Gain)/loss on disposal of property, plant and equipment	-	8,715
Amortisation and impairment of intangible assets	825,913	825,913
Depreciation and impairment of property, plant and equipment	211,911	213,005
Other gains and losses	-	(1,070,000)
Increase in provisions	731,539	2,172,120
Movements in working capital:		
Decrease in trade and other receivables	163,971	3,923,193
Decrease in trade and other payables	(1,526,320)	(2,622,298)
Decrease in deferred income	-	(10,258)
Cash generated from operations	5,877,322	7,017,195

VASCROFT HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

28 Cash generated from operations - company

	2021 £	2020 £
Profit for the year after tax	109,358	12,878,559
Adjustments for:		
Taxation charged	393,363	719,762
Investment income	(63,000)	(10,000,006)
Other gains and losses	-	(3,160,000)
Movements in working capital:		
Decrease in trade and other payables	(360,718)	(354,799)
Cash generated from operations	<u>79,003</u>	<u>83,516</u>

29 Analysis of changes in net funds - group

	1 September 2020 £	Cash flows £	31 August 2021 £
Cash at bank and in hand	<u>19,281,474</u>	<u>(2,432,755)</u>	<u>16,848,719</u>

30 Analysis of changes in net funds - company

	1 September 2020 £	Cash flows £	31 August 2021 £
Cash at bank and in hand	<u>10,001,104</u>	<u>58,723</u>	<u>10,059,827</u>