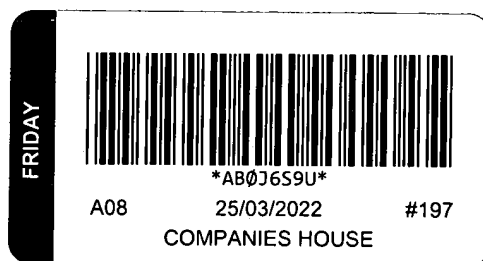


Jerram Group Limited

Directors' Report and Financial Statements

Year ended 31 July 2021

Company number 07884552



Jerram Group Limited

Company Information

Directors	M J A Jerram Mrs J M Jerram Mrs G M Jerram W J Jerram J M Jerram
Company secretary	J A Foskett
Registered number	07884552
Registered office	14 Anning Street London EC2A 3LQ
Independent auditor	Haines Watts (City) LLP Statutory Auditor New Derwent House 69-73 Theobalds Road London WC1X 8TA

Jerram Group Limited

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Jerram Group Limited

Group Strategic Report for the year ended 31 July 2021

Review of the business

Jerram Group Limited is a non-trading holding company for the Jerram group, whose activities include building contractor, property and property development.

The results of the Group for the year, as set out on pages 15 and 16, show an operating loss before tax, fair value adjustments and exceptional items of £122,000 (2020: profit of £1,118,000). The shareholder's funds total £37,711,000 (2020: £37,665,000).

Jerram Group Limited is a family owned group whose founding principles representing the core of our business; always adhering to the highest standards, anticipating change to future-proof our work, putting our clients at the heart of everything we do and ensuring we deliver projects of enduring quality. It is this commitment to excellence that has built long term relationships with our clients and provided a nurturing environment within which our teams can thrive, learn and do their best work. It is these principles that we have embedded in our values. Jerram Falkus always **Buld to Last**.

The Group's key financial and other performance indicators include:

	2021	2020
Turnover	£48,690,000	£39,149,000
Gross profit	£3,539,000	£5,533,000
Site safety scores (average, 1 being the highest score)	1.8	3.1
Considerate Contractor Scheme scores (average)	39.6	36.8
Number of tenders submitted	35	32
Staff retention	84%	90%
% subcontractor payments made within 30 days of final date for payment	99%	97%
% investment property let	95%	92%

The construction company **Jerram Falkus Construction Limited** has seen a profit on ordinary activities before tax of £305,000 (2020: £1.5m). The shareholders' funds total £11.0m (2020: £10.5m).

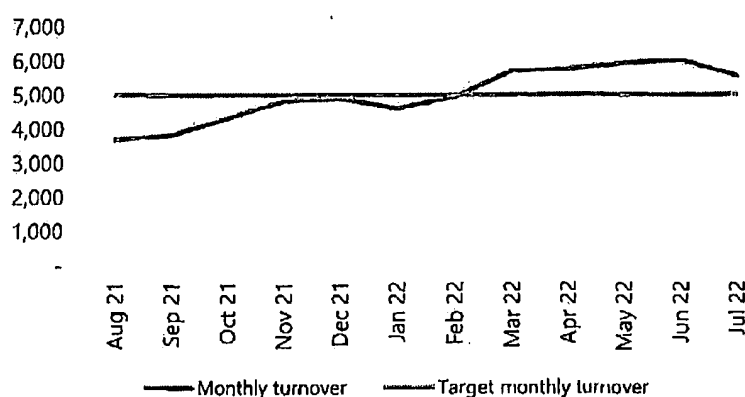
The directors believe the financial year ending 2021 to be exceptional. The coronavirus pandemic (CV-19) and cost inflation fuelled by the subsequent bounce back impairing both turnover and margin. Provisions are included within 2020-21 for the known impact of Covid as well as projected increased costs.

Outlook for the financial year ending 31 July 2022

The outlook for the financial year ending 2022 is positive. Going forward we have a projected pipeline turnover of £116m of which £68m is currently on site. With appropriate provisions included in the 31 July 2021 results and the pricing of new works accounting for further inflation the directors are confident that margins will start returning towards normalised levels.

Jerram Group Limited

Group Strategic Report (continued) for the year ended 31 July 2021



This positivity is propelling continued investment in systems and processes to enhance professionalism and reduce costs.

Legal claims

In May 2020, Jerram Falkus Construction Limited received a claim in relation to a contract dispute, which was settled September 2021. The directors have made a provision for legal fees and the amount of the claim not covered by insurance, which is included in creditors. Refer to note 23 for details.

Jerram Development's objective is to both upcycle the cash JFC produces and provide Jerram Falkus Limited its income generating property. Jerram Developments is actively looking for new development opportunities.

Jerram Falkus Limited manages the properties created by the remainder of the Group. Throughout the pandemic JFL has brought in its rents where other landlords have struggled with full rents received from the majority of its tenants. Against the tide of the current environment JFL continues to secure new leases and is currently 95% occupied.

The 790 acres of premium agricultural land held by **William J Jerram (Agricultural Investments) Limited** and farmed by **Ambershire Limited**, continues to provide a stabilising growth asset balancing the portfolio within the group.

Falkus Joinery, In May 2021 the decision was made to sell Falkus Joinery allowing the Directors to focus more time on the principle actives within Jerram Falkus Construction Limited. This sell was completed post balance sheet.

Principal risks and uncertainties

Covid-19

The coronavirus pandemic is having an unprecedented effect on Jerram Group, impacting its business, the environment it works within and the wider economy. The cost of the impact of Covid is predominately provided for 2020-21. Contingency is included within the budget for 2021-22 for further unknown Covid events.

Inflationary and increased costs.

The construction industry is going through an inflationary period, caused predominately by an increase in demand following the bounce back from Covid, a shortage of labour and global factors impacting material production. A provision has been taken within the 2020-21 accounts for inflation to current contracts and allowance has been built into pricing. The Directors have also included contingency within the 2021-22 budget projections.

Jerram Group Limited

Group Strategic Report (continued) for the year ended 31 July 2021

Competitive risks

The Group is exposed to typical commercial risks experienced by similar organisations operating within the same competitive construction markets in the UK. Jerram Group seeks to mitigate these risks by focussing on high quality and timely delivery of projects to maximise future tender opportunities from current clients.

The Group also operates a selective approach to bid selection, to ensure a mixed portfolio of projects and to avoid undue reliance on any one sector or client.

Financial risk management

Financial instruments are used for financing purposes only. It is Group policy not to trade in financial instruments.

Liquidity and cash flow risks are actively managed through regular cash reporting and the preparation and monitoring of medium-term budgets and forecasts. The Group has a strong financial position and maintains a high cash balance to assist in funding all stages of contracts from tender to completion and to ensure stability and its continued future and permanence.

To manage the exposure to credit risk on liquid assets such as trade debtors, the Group monitors the financial position of their customers on an ongoing basis. The decision to tender and enter into contract is dependent on the client's covenant, where necessary appropriate payment guarantees are sought. An allowance is made for specific bad debts and at the reporting date management did not consider there to be any material credit risk exposure.

Price risk is monitored by management as part of the review of monthly forecasts. The Group has well established tendering procedures; inflation is included within tender budgets, with each new project formally reviewed and adjudicated by the directors prior to bid submission.

Our supply chain can be more vulnerable to economic risks. Their failure could affect the performance and therefore cost of a project. Supply chain member risk is considered on a case by case basis and we have a stringent due diligence policy to ensure their continued robustness.

Jerram Group operates a prudent policy for the provision of costs.

The pension deficit is being kept under close review and advice is being sought where necessary.

The board of directors sets out the financial risk management policies that are implemented by the finance department, as disclosed in note 4. The Board considers that financial risks do not pose a major threat to the Group.

Health and safety

Health and Safety remains a foremost priority within the Group. The Group employs a dedicated Quality, Environment, Safety and Health manager who visits sites on a regular basis to ensure that staff are kept up to date and comply with the latest regulations. The Group also uses the services of an external organisation to carry out independent checks. Environmental and health and safety matters, including the results of all site inspections, are reviewed and discussed at the monthly board meeting.

Legislative risks

The Group is required to comply with all applicable legislation and, in particular, covering activities such as Construction Industry Scheme and relevant building standards for construction. This is achieved through established best practice procedures that are available to staff through both formal and informal training.

Jerram Group Limited

Group Strategic Report (continued) for the year ended 31 July 2021

S172 Statement

The directors consider, both individually and collectively, that in the decisions taken during the financial year they have satisfied the requirements of s172(1) of the Companies Act 2006 in acting in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members, as a whole, and in doing so having regard to the stakeholders and matters outlined in s172(1).

Stakeholder engagement

Long term strategy

The Directors' overarching strategy is for longevity. We are a long-established family owned company, our foundations include;

- **Family values** – Businesses are built on relationships, so we always treat colleagues, clients & suppliers with respect and considerations;
- **Forward thinking** – We always try to anticipate change and have built innovation into our approach for 136 years;
- **Problem solving** – Is in our DNA and we thrive on the challenge of finding the right solution;
- **Pride in what we do** – We take our work seriously and are satisfied with nothing less than our best;
- **Take responsibility** – For the work we do, each other's needs and the generation yet to come.

Employees

The directors appreciate that the quality of its employees is the keystone to its success. At Jerram Group we have a proud record of staff retention with an average length of service of over 13 years. Our board of directors is predominantly selected from within the Group and has an average length of service of 33 years. We recognise the value in imparting our rich experience onto trainees and apprentices and investing in our next generation.

The directors predominantly lead their departments, engaging day to day with their teams. This regular engagement allows good communication of strategy and board decisions. It provides important and balanced feedback, and ensures the company values are reflected throughout. The Directors actively take part in the annual appraisals of their team providing a forum for discussion, feedback and improvement.

Hybrid Working

The Group are currently trialling a hybrid and flexible policy to working. The Directors believe that being an office centric business provides benefits in terms of productivity, creativity, communication and teamwork, whilst they recognise the benefits working from home can provide.

Employee wellbeing

The board has become increasingly aware of the importance of our employees' mental health, and this has been a factor in decision making and policies.

Training in mental health in the workplace has been undertaken during 2020-21 for all directors and managers to better understand and support our staff and to promote a healthy workplace.

Jerram Group Limited

Group Strategic Report (continued) for the year ended 31 July 2021

Customers

Our clients are at the heart of everything we do. Our long-term aspiration is founded in building strong long-term relationships with our clients.

Our directors actively engage with our clients working closely with the project teams, regularly attending client and stakeholder meeting, ensuring our values are delivered. We promote open communication, feedback and lessons learned, understanding it is the journey as well as the quality of product that is important to our clients.

We understand that many of our tenants' businesses were severely impacted by lockdown restrictions. Significant time is invested in regular lines of communications with tenants to better understand their immediate financial challenges and in many cases, flexible payment plans have been agreed to aid their cash flow.

Supply chain

Our supply chains' performance is our performance and our values need to be their values. To achieve this, we work predominantly with our established supply chain founding our relationship on fairness and trust. We believe that it is our responsibility to give our supply chain the platform to deliver. The directors place huge importance on pre-construction engagement with our supply chain, working collaboratively on the best method of delivery and that expectations are fully understood before committing to an order. The director's engagement in projects gives a direct link to our supply chain providing communication and feedback.

We understand the importance of cash flow ensuring payments are prompt and correct.

Shareholders

Jerram Group is a family owned business with the shareholders also directors of the Company. This ensures that the board, the shareholders and the managers interests are aligned. Interim communication and updates to the shareholders are carried out by the Managing Director.

SECR 2020-21 Report and commentary

Background

In line with Strategic Energy and Carbon Reporting (SECR) Jerram Group Limited is reporting its energy consumption for the year 1st August 2020 to 31st July 2021. This is the second of these reports following our first report for 2019-20.

Scope

The scope includes electricity and gas consumption by Falkus Joinery and at Head Office, 14 Anning Street, London, EC2A 3LQ and fuel use by vehicles owned by the company. It also includes electricity, gas and fuel used on temporary construction sites operational during the financial year.

Method

Data has been collected from invoices and meter readings and analysed using the methodology of the Energy Managers Association via their SECR online tool.

Jerram Group Limited

Group Strategic Report (continued) for the year ended 31 July 2021

The amount of energy used during the year depends on usage at Head Office (heating, lighting, domestic uses and IT), and Falkus Joinery Ltd (process machinery, heating, lighting, domestic uses and IT).

Electricity, fuel oil and gases are used on the construction sites. The amount used depends on the number and type of sites, the size of sites, whether they can be connected to the National Grid and the various stages of the construction process. Usage typically starts off low and increases as the number of trades on site increases, before decreasing as works are completed prior to practical completion.

As with all construction companies, the construction sites are of limited duration and do not continue from year to year, so to take account of this, consumption vs company turnover for the financial year will be used as the intensity measure.

Principal energy efficiency measures

The following energy efficiency measures have been taken during the year:

- A Smart Metering contract with Npower commenced 1st November 2019 at one of the company's biggest projects, Sebastian Court, providing automatic meter reading, which provides accurate measurement and hence removes the need for manual meter readings or estimated readings. This continued into the current year.
- The majority of Head Office staff continued to work from home for most of the current financial year until July 19th 2021 due to the Covid-19 Pandemic. Whilst not driven by the need to save energy, this action has nonetheless resulted in reductions in electricity consumption at Head Office.
- The company continues to use the EMA SECR Reporting Tool to monitor and control energy consumption across the company. This allows meter readings and data from invoices to be inputted and trends analysed for each site.
- The company's ISO 50001 Energy Management System was upgraded to meet the requirements of the 2018 standard.

Trends

As this is the second time this data has been reported we are now able to compare this year's consumption with 2019-20.

Consumption – kWh	Total	Electricity	Gas	Transport	Other*
2019-20	1,352,929	639,526	548,840	159,076	5,486
2020-21	1,177,749	564,485	422,774	135,672	54,816

**Typically, diesel for generators on construction sites with no temporary electrical supply.*

Green House Gas Emissions – Scope 1: 124 tCO₂e.

Green House Gas Emissions – Scope 2: 131 tCO₂e.

The company's overall energy consumption has reduced by 175,180 kWh (12.9%) compared to the year 2019-20.

The increase in 'other' fuel was principally as a result of no mains electricity being available throughout our Wivenhoe Road project and for the first nine months of our Leyton Green Road project.



J A Fokkett
Secretary

Date: 03-03-2022

Jerram Group Limited

Directors' Report for the year ended 31 July 2021

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

Principal activity

The principal activities of the Group are building construction, property development, agricultural and land holdings and the manufacture of purpose made joinery.

Results and dividends

The profit for the year, after taxation, amounted to £55,000 (2020 – £309,000 loss).

The directors have not recommended a dividend.

Directors

The directors who served during the year were:

M J A Jerram
J M Jerram
G M Jerram
W J Jerram
J M Jerram

The directors have no beneficial interests in the shares of the company, which was a wholly owned subsidiary undertaking of Jerram Group Limited throughout the period.

Going concern

After considering the impact of Covid-19 as discussed in the Strategic Report and making further enquiries, and preparing integrated profit and loss and cash flow forecasts for a period of at least 12 months from the date the financial statements are signed, the Directors have formed a judgement that, as at the date of approving the financial statements, there is a reasonable expectation that the company has adequate resources to continue in existence for the foreseeable future.

Events since the end of the financial year

On 11 August 2021, the shares in Falkus Joinery Limited were sold by Jerram Falkus Limited to Make One Group Limited. All intercompany debts were either paid or written off prior to sale.

Jerram Group Limited

Directors' Report (continued) for the year ended 31 July 2021

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 the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the 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's auditor is aware of that information.

Auditor

On 02 August 2021, Haines Watts (City) LLP were appointed auditor for the year ended 31 July 2021 and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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


J A Foscett
Secretary

Date: 03-03-2022

Jerram Group Limited

Directors' Responsibilities Statement for the year ended 31 July 2021

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Jerram Group Limited

Independent Auditor's report to the members of Jerram Group Limited

Opinion

We have audited the financial statements of Jerram Group Limited ("the Parent Company") and its subsidiaries (the 'Group') for the year ended 31 July 2021 which comprise the Consolidated Statement of comprehensive income, Consolidated Statement of financial position, Company Statement of financial position, Consolidated Statement of changes in equity, Company Statement of changes in equity, Consolidated Cash flow statement and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 July 2021 and of its result 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 Auditors' 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 Company's and the Group'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.

However, not all future events or conditions can be predicted. The Covid-19 pandemic is one of the most significant economic events for the UK with unprecedented levels of uncertainty of outcomes. It is therefore difficult to evaluate all of the potential implications on the Group and the Parent Company's trade, customers, suppliers and wider economy. The directors' view on the impact of Covid-19 is disclosed in the Directors' Report and the accounting policies note 1.

Other information

The directors are responsible for the other information. The other information comprises the information in the Directors' Report, but does not include the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Jerram Group Limited

Independent Auditor's report to the members of Jerram Group Limited (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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 the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has 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 Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, 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 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 Group and 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 Group and the Parent 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 Auditors' 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.

Jerram Group Limited

Independent Auditor's report to the members of Jerram Group Limited (continued)

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:

- 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 Group and the Parent Company through discussions with directors and other management, and from our commercial knowledge;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Group and the Parent Company; including the Companies Act 2006, taxation legislation, employment and data protection;
- we assessed the extent of compliance with the laws and regulations identified above through making enquires of management and inspecting legal correspondence;
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Group and the Parent Company 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;
- 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 judgement 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.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosure to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual potential litigation and claims; and
- reviewing correspondence.

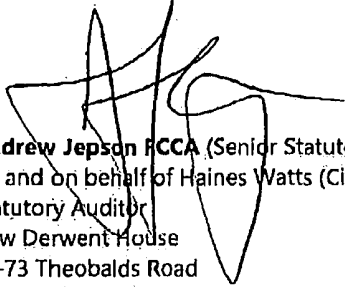
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Jerram Group Limited

Independent Auditor's report to the members of Jerram Group Limited (continued)

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 Group and the Parent Company's members those matters we are required to state to them in an Auditors' 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 Group and the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Jepson FCCA (Senior Statutory Auditor)
for and on behalf of Haines Watts (City) LLP
Statutory Auditor
New Derwent House
69-73 Theobalds Road
London WC1X 8TA

Date:

8/3/22

Jerram Group Limited

Consolidated Statement of Comprehensive Income for the year ended 31 July 2021

	Note	2021 £000	2020 £000 <i>Restated</i>
Turnover	4	48,690	39,149
Cost of sales		(45,151)	(33,616)
Gross profit		3,539	5,533
Administration expenses		(4,898)	(5,564)
Other operating income	5	1,237	1,149
Operating (loss) / profit before fair value adjustments and exceptional items		(122)	1,118
Exceptional Items: provision for liabilities	23	-	(301)
Operating (loss) / profit	6	(122)	817
Interest receivable and similar income	9	-	40
Other finance costs	10	(15)	(18)
(Loss) / profit before tax		(137)	839
Tax on loss / profit	11	(73)	(606)
(Loss) / profit for the financial year		(210)	233
Actuarial losses on defined benefit pension scheme	27	281	(413)
Movement of deferred tax relating to pension deficit		(48)	78
Revaluation of tangible fixed assets		23	23
Other comprehensive (expense)/ income for the year		256	(312)
Total comprehensive income for the year		46	(79)
(Loss) / profit for the year attributable to:			
Non-controlling interest		10	(14)
Owners of the parent company		(220)	247
		(210)	233
Total comprehensive income for the year attributable to:			
Non-controlling interest		18	(5)
Owners of the parent company		28	(74)
		46	(79)

The notes on pages 22 to 45 form part of these financial statements.

Jerram Group Limited

Consolidated Statement of Financial Position as at 31 July 2021

	Note	2021 £000	2020 £000 <i>Restated</i>
Fixed assets			
Tangible assets	14	17,358	17,471
Investment property	16	20,440	20,432
		37,798	37,903
Current assets			
Stocks	17	7,189	7,927
Debtors within one year	18	11,393	7,232
Cash at bank and in hand		5,952	7,026
		24,534	22,185
Creditors: amounts falling due within one year	19	(18,611)	(15,720)
Net current assets		5,923	6,465
Total assets less current liabilities		43,721	44,368
Creditors: amounts falling due after more than one year	20	(726)	(670)
Provisions for liabilities	23	(4,746)	(4,929)
Net assets excluding pension liability		38,249	38,769
Pension liability	27	(538)	(1,104)
Net assets		37,711	37,665
Capital and reserves			
Called up share capital	25	100	100
Revaluation reserve	26	30,915	30,900
Other reserves	26	379	379
Retained earnings	26	5,736	5,723
Equity attributable to owners of the parent Company		37,130	37,102
Non-controlling interests		581	563
		37,711	37,665

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


J M Jerram
Director

Date: 03-03-2022

The notes on pages 22 to 45 form part of these financial statements.

Jerram Group Limited

Company Statement of Financial Position as at 31 July 2021

<i>Company number 07884552</i>		2021	2020
	Note	£000	£000
Fixed assets			
Investments	15	614	614
Investment property	16	20,876	20,876
		21,490	21,490
Current assets			
Debtors within one year	18	272	272
		272	272
Creditors: amounts falling due within one year	19	(974)	(1,030)
Net current assets		(702)	(758)
Total assets less current liabilities		20,788	20,732
Deferred tax	24	(3,376)	(3,376)
Net assets		17,411	17,356
Capital and reserves			
Called up share capital	25	100	100
Revaluation reserve	26	1,900	1,900
Retained earnings	26	15,411	15,356
		17,411	17,356

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after taxation of the parent company was £55,000 (2020: loss £309,000).

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



J M Jerram
Director

Date: 03-08-2022

The notes on pages 22 to 45 form part of these financial statements.

Jerram Group Limited

Statement of Changes in Equity for the year ended 31 July 2021

	Called up share capital £000	Revaluation reserve £000	Other reserves £000	Retained earnings £000	Shareholders' equity £000	Non- controlling interests £000	Total equity £000
At 1 August 2020	100	30,990	379	5,723	37,102	563	37,665
Comprehensive income for the year							
(Loss) / profit for the year:	-	-	-	(220)	(220)	10	(210)
Actuarial losses on pension scheme	-	-	-	281	281	-	281
Deferred tax movements	-	-	-	(48)	(48)	-	(48)
Revaluation of tangible fixed assets in the year	-	15	-	-	15	8	23
Other comprehensive income / (expense)	-	15	-	233	248	8	256
Total comprehensive income for the year	-	15	-	13	28	18	46
At 31 July 2021	100	30,915	379	5,736	37,130	581	37,711

The notes on pages 22 to 45 form part of these financial statements.

Jerram Group Limited

Statement of Changes in Equity for the year ended 31 July 2020

	Called up share capital £000	Revaluation reserve £000	Other reserves £000	Retained earnings £000	Shareholders' equity £000	Non- controlling interests £000	Total equity £000
<i>Restated</i>							
At 1 August 2019	100	30,886	379	5,811	37,176	568	37,744
Comprehensive income for the year							
Profit for the year	-	-	-	247	247	(14)	233
Actuarial losses on pension scheme	-	-	-	(413)	(413)	-	(413)
Deferred tax movements	-	-	-	78	78	-	78
Revaluation of tangible fixed assets in the year	-	14	-	-	14	9	23
Other comprehensive income / (expense)	-	14	-	(335)	(321)	9	(312)
Total comprehensive income for the year	-	14	-	(88)	(74)	(5)	(79)
At 31 July 2020	100	30,900	379	5,723	37,102	563	37,665

The notes on pages 22 to 45 form part of these financial statements.

Jerram Group Limited

Company Statement of Changes in Equity for the year ended 31 July 2021

	Called up share capital £000	Revaluation reserve £000	Retained earnings £000	Total equity £000
At 1 August 2019	100	1,900	15,665	17,665
<i>Comprehensive Income for the year</i>				
Loss for the year	-	-	(309)	(309)
At 31 July 2020	100	1,900	15,356	17,356
<i>Comprehensive income for the year</i>				
Profit for the year	-	-	55	55
At 31 July 2021	100	1,900	15,411	17,411

The notes on pages 22 to 45 form part of these financial statements.

Jerram Group Limited

Consolidated Statement of Cash Flows for the year ended 31 July 2021

	2021 £000	2020 £000
Cash flows from operating activities		
(Loss) / profit for the financial year	(210)	233
Adjustments for:		
Depreciation of tangible assets	174	158
Interest payable	15	18
Interest receivable	-	(40)
Profit on disposal of tangible assets	(32)	-
Tax charge	73	606
Defined benefit pension scheme contributions paid	(300)	(300)
Decrease / (increase) in stocks	739	(985)
Decrease / (increase) in debtors	(4,199)	382
Increase / (decrease) in creditors	1,737	(1,353)
Interest received	-	40
Tax received / (paid)	12	(32)
Net cash generated from operating activities	(1,991)	(1,273)
Cash flows from investing activities		
Purchase of tangible assets	(54)	(692)
Proceeds from sale of tangible assets	40	-
Net cash from investing activities	(14)	(692)

Jerram Group Limited

Consolidated Statement of Cash Flows (continued) for the year ended 31 July 2021

	2021 £000	2020 £000
<i>Cash flows from financing activities</i>		
Receipt of loans	2,500	-
Repayment of loans	(1,569)	-
Net cash used in financing activities	931	-
Net increase in cash and cash equivalents	(1,074)	(1,965)
Cash and cash equivalents at the beginning of the year	7,026	8,991
Cash and cash equivalents at the end the year	5,952	7,026
Cash and cash equivalents at the end of the year comprise:		
Cash at bank and in hand	5,952	7,026
Bank overdrafts	-	-
	5,952	7,026

The notes on pages 22 to 45 form part of these financial statements.

Jerram Group Limited

Notes to the Financial Statements for the year ended 31 July 2021

1. Accounting policies

Jerram Group Limited is a private company limited by shares incorporated in the United Kingdom (registered number 07884552). The address of the registered office is given in the company information page.

The principal activities of the group are building construction, property development, agricultural and land holdings and the manufacture of purpose made joinery. The principal activity of the company is that of a holding company.

The Company has determined that the (GBP) is its functional currency, as this is the currency of the economic environment in which the company predominantly operates. The financial statements have been rounded to the nearest thousand.

Basis of preparation

The financial statements have been prepared under the historical cost convention and a going concern basis. A summary of principal accounting policies, all of which have been consistently applied throughout the year and the preceding year, are set out below.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and group undertakings. All the Group undertakings have the same financial year end except for Ambershire Limited which falls within three months of the group's accounting reference date. These are adjusted, where appropriate, to conform to Group accounting policies.

Going concern

The financial statements have been prepared on a going concern basis. The directors are continually reviewing future projections for the business and the financing arrangements that are in place, and are satisfied that the business will continue to have access to sufficient funds to meet its liabilities for the foreseeable future.

The current economic conditions present increased risks for all businesses. The directors have reviewed and considered relevant information, including the annual budget and future cash flows in making their assessment. In particular, in response to the COVID-19 pandemic, the directors have taken into account the impact on their business of possible scenarios brought on by the impact of COVID-19, alongside the measures that they can take to mitigate the impact.

In response to such conditions, the directors have carefully considered these risks including an assessment on uncertainty on future trading projection for a period of at least 12 months from the date of signing the financial statements, and the extent to which they might affect the preparation of the financial statements on a going concern basis.

Jerram Group Limited

Notes to the Financial Statements for the year ended 31 July 2021

1. Accounting policies (continued)

Going concern (continued)

Based on this assessment, the directors consider that the Group maintains an appropriate level of liquidity, sufficient to meet the demands of the business including any capital and service obligations and external debt liabilities. Covid and the national lockdown restrictions continue to impact the level of turnover achieved each month and as a result cash flow. An even greater emphasis has been placed on cash and the management teams across the group have successfully reduced the amount of overdue receivables. In addition, on 10 December 2020, the development loan of £1,569,000 was repaid and a further £2,500,000 loan secured as a precaution to ease potential working capital constraints. The consequence of deferred turnover is a higher level of secured work for 2020-21 and 2021-22. Refer to the strategic report on page 1 for details on forecast turnover. Sensitivity analysis has been performed on the turnover pipeline for a view of the worst case scenarios in the foreseeable future.

On the 11 August 2021, the Group sold its shares in Falkus Joinery Limited, a loss-making company that required regular cash-funding. With this departure, there is a reduced drain on cash and the potential to realise significant value from the space, with many interested parties.

In addition, the Group's assets are assessed for recoverability on a regular basis, and the directors consider that the Group is not exposed to losses on these assets which would affect their decision to adopt the going concern basis.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and that there are no material uncertainties that lead to significant doubts upon the Group's ability to continue as a going concern. Thus the directors have continued to adopt the going concern basis of accounting in preparing these financial statements.

Turnover

Turnover is the invoiced value of sales to third parties including attributable profits and losses for work executed in respect of construction and joinery activities and the sale of developed property. The Group also receives turnover in respect of the sale of agricultural goods and services which include farming, livery, document archiving and Christmas products.

Turnover associated with construction and joinery contracts is recognised by reference to the stage of completion of the contract activity at year end. The invoiced value of sales to third parties is adjusted based on an estimate of the value of work executed between the application date and year end. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Changes in job performance, job conditions, and estimated profitability may result in revisions to costs and income and are recognised in the period in which the revisions are determined.

Turnover from the sale of developed property is recognised when the significant risks and rewards of ownership have been transferred to the buyer, the amount of turnover can be reliably measured and it is probable that the economic benefits associated with the transaction will flow to the Group.

Government grants

Grants of a revenue nature are recognised in "other income" within profit or loss in the same period as the related expenditure. This includes the Government Coronavirus Job Retention Scheme ('Furlough'). The group has not directly benefited from any other forms of government assistance.

Jerram Group Limited

Notes to the Financial Statements for the year ended 31 July 2021

1. Accounting policies (continued)

Interest income

Interest income is recognised in profit or loss using the effective interest method.

Finance costs

Finance costs are charged to profit or loss 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.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis.

Lease income in relation to sub-letting of the office is recognised in profit or loss on a straight-line basis over the lease term. Where appropriate, the aggregate cost of lease incentives is recognised as a reduction to income over the lease term on a straight-line basis. Any initial direct costs incurred in negotiating and arranging the operating lease are added to the carrying amount of the lease and recognised as an expense over the lease term on the same basis as the lease income.

Taxation

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

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

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

Goodwill

Goodwill arising on consolidation represents the excess of the fair value of consideration transferred over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is recognised as an asset as it represents synergies the Group expects to receive from the acquisition. Goodwill is subsequently amortised over its estimated useful life which is deemed to be ten years from acquisition. If the recoverable amount of the cash generating unit is less than the carrying amount of the investment, the impairment to the related goodwill is recognised in profit or loss.

Goodwill arising on the acquisition of subsidiaries is presented separately in the statement of financial position.

Jerram Group Limited

Notes to the Financial Statements for the year ended 31 July 2021

2. Accounting policies (continued)

Tangible assets

Tangible assets are initially recorded at historical (and deemed) cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Depreciation

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

Freehold property	– 2% straight line per annum
Plant and machinery	– 10% straight line per annum
Office equipment	– 5-25% straight line per annum
Motor vehicles	– 20% on written down value

Freehold land and investment properties are not depreciated.

Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at the fair value at the reporting date. The investment properties were valued on 31 July 2021 by the directors. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise. No depreciation is provided on investment properties.

Fixed asset investments

In the parent company financial statements investments in subsidiaries and associates 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.

Borrowing costs

General and specific borrowing costs directly attributable to the development of property, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. In the year ended 31 July 2021, development costs were minimal, with no interest added to the cost of the development assets (2020: £83,972).

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Jerram Group Limited

Notes to the Financial Statements for the year ended 31 July 2021

1. Accounting policies (continued)

Impairment of fixed assets

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

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

Stock

Stocks are valued at the lower of cost and net realisable value. Cost is determined principally on the weighted average basis. Net realisable value is the price at which the stock can be realised in the normal course of business. Provision is made for obsolescent, slow moving and defective stocks.

Work in progress relates to capitalised costs, including borrowing costs, on property development projects.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Long term contracts

The Group's interest in long term contracts is stated as the accumulated cost charged to the contracts plus the attributable net profit or loss and less the amounts billed to customers. The resulting amounts recoverable on contracts are included in debtors. However, where the recorded value of work done is less than receipts, the excess is included in creditors as payments received on account.

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.

Jerram Group Limited

Notes to the Financial Statements for the year ended 31 July 2021

1. Accounting policies (continued)

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Holiday pay accrual

Due to the exceptional circumstances of the pandemic and subsequent lockdowns, at 31 July 2020 a liability was recognised to the extent of any unused holiday pay entitlement which had accrued and carried forward to future periods. This was measured at the undiscounted salary cost of the future holiday entitlement. No provision was made at 31 July 2021 as the amount was not significant.

Employee benefits

A Company Personal Pension Plan was set up with effect from 6 April 2006 where individual funds are maintained for each member by financial institutions.

Until 5 April 2006 the company operated a defined contribution pension scheme, the assets of which are held separately from those of the company. Contributions to this scheme used to be charged to the statement of comprehensive income as they became payable.

The company also contributes to a defined benefit pension scheme which is closed to new members and which the future accrual of final salary benefits has ceased. Pension contributions are paid to the scheme in accordance with the recommendations of the scheme actuaries. The scheme is funded, with the assets of the scheme held separately from those of the company, in separate Trustee administered funds.

Employee benefits (continued)

Defined benefit plans

In respect of the defined benefit scheme, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each reporting date. Actuarial gains and losses arising from experience adjustments and changes in assumptions are recognised immediately in other comprehensive income.

Defined contribution plans

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

Jerram Group Limited

Notes to the Financial Statements for the year ended 31 July 2021

1. Accounting policies (continued)

Financial Instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Consolidated Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

Jerram Group Limited

Notes to the Financial Statements for the year ended 31 July 2021

2. Judgements in applying accounting policies and key sources of estimation uncertainty

When preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

Valuation of investment properties

The group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss for the period in which they arise. The directors review the valuation of the properties on an annual basis and, taking the market conditions into account, consider the values included in the accounts to be the fair value of the properties. The current carrying value of the investment properties is £20,440,000 (2020: £20,432,000) as shown in the tangible fixed asset note.

Amounts recoverable on contracts

The valuation of the ongoing construction work as described in the long-term contracts accounting policy could result in a material adjustment to the carrying amount disclosed in debtors. At the year end the balance of amounts recoverable on contracts was £9,926,000 (2020: £5,848,000).

Defined benefit pension

The present value of the defined benefit pension depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pension benefits include the discount rate. Any changes in these assumptions will have an effect on the carrying amount of pension and other post-employment benefits.

After taking appropriate professional advice, management determines the appropriate discount rate at the end of each reporting period. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, consideration is given to the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits are to be paid and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions relevant to the defined benefit pension are based in part on current market conditions. Additional disclosures concerning these obligations are given in note 27.

Jerram Group Limited

Notes to the Financial Statements for the year ended 31 July 2021

3. Financial risk management

The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board is responsible for developing and monitoring the Group's risk management strategy and policies. There have been no changes to the Group's exposures to risk or the methods used to measure and manage these risks during the year.

The Group has exposure to the following risks from the use of its financial instruments.

Credit risk management

Debtors consist mainly of amounts billed and recoverable on building contracts. The Group monitors the financial position of their customers on an ongoing basis. The granting of credit is controlled by application and account limits. An allowance is made for specific bad debts and at the reporting date management did not consider there to be any material credit risk exposure.

The directors do not feel the Group is exposed to any other significant financial risk.

4. Turnover

The turnover and profit before tax are attributable to the principal activities of the Group, as referred to in the Directors' report, and arises in the UK.

An analysis of turnover is given below:

	2021 £000	2020 £000 <i>Restated</i>
Turnover under construction contracts	45,487	37,440
Sale of developed property	815	-
Sale of services	1,408	884
Sale of agricultural goods and services	980	825
	<u>48,690</u>	<u>39,149</u>

5. Other operating income

	2021 £000	2020 £000 <i>Restated</i>
Rental income	1,095	934
Government grants – Furlough	97	165
Other	45	50
	<u>1,237</u>	<u>1,149</u>

Rental income arises from the sub-letting of office space to third parties.

Jerram Group Limited

Notes to the Financial Statements for the year ended 31 July 2021

6. Operating profit

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

	2021 £000	2020 £000
Depreciation of tangible assets	174	158
Profit on disposal of tangible assets	(32)	-
Lease rental payments: motor vehicles	21	20
Fees payable to the Company's auditor and its associates in respect of:		
- the audit of the Company's annual financial statements	47	49
- taxation compliance services	12	30
- the audit of the associated pension scheme	5	-

7. Employees

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

	2021 £000	2020 £000
Wages and salaries	5,158	5,908
Social security costs	601	630
Cost of defined contribution scheme	449	458
	<u>6,208</u>	<u>6,996</u>

Other pension costs are amounts charged to operating profit and do not include amounts credited to finance income and charged to finance costs (see note 10), and amounts recognised in the consolidated statement of comprehensive income.

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

	2021 £000	2020 £000
Site and construction staff	39	43
Manufacturing staff	8	11
Office and management	48	57
	<u>95</u>	<u>111</u>

Jerram Group Limited

Notes to the Financial Statements for the year ended 31 July 2021

8. Directors' remuneration

	2021 £000	2020 £000
Directors' emoluments	578	576
Company contributions to defined contribution pension schemes	37	51
Other emoluments	68	74
	<u>683</u>	<u>701</u>

There was one director in the group's defined contribution pension scheme (2020 - one). One director accrued benefits under the group's defined benefit pension scheme during the year (2020 - one).

Emoluments of the highest paid director were £231,227 (2020 - £236,673). Company pension contributions of £16,115 (2020 - £16,824) were made to a pension scheme on his behalf.

9. Interest receivable

	2021 £000	2020 £000
Other interest receivable	-	40

10. Other finance costs

	2021 £000	2020 £000
Net finance costs in respect of defined benefit pension plans	<u>15</u>	<u>18</u>

Jerram Group Limited

Notes to the Financial Statements for the year ended 31 July 2021

11. Taxation

	2021 £000	2020 £000
Corporation tax		
Current tax on profits for the year	26	-
Adjustments in respect of previous periods	-	(6)
Total current tax	26	(6)
Deferred tax		
Origination and reversal of timing differences	47	143
Adjustments in respect of previous periods	-	5
Reversal of timing differences from prior period	-	464
Total deferred tax	47	612
Taxation on loss on ordinary activities	73	606

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 – higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%) as set out below:

	2021 £000	2020 £000
(Loss) / profit on ordinary activities before tax	(137)	839
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(26)	159
Effects of:		
Fixed asset differences	61	3
Expenses not deductible for tax purposes	405	8
Additional deduction for R&D expenditure	-	(86)
Adjustments to tax charge in respect of prior periods	-	(1)
Remeasurement of deferred tax for changes in tax rate	-	482
Tax losses carried forward	86	-
Effect of defined benefit adjustment	(54)	-
Deferred tax not recognised	-	41
Income not taxable for tax purposes	(399)	-
Total tax charge for the year	73	606

Jerram Group Limited

Notes to the Financial Statements for the year ended 31 July 2021

11. Taxation (continued)

Factors that may affect future tax changes

The Finance Act 2016 reduced the corporation tax rate to 17% with effect from 1 April 2020 and so this rate was used in the July 2019 deferred tax calculations. In the Budget of 11 March 2020, the Chancellor of the Exchequer announced that the planned rate reduction to 17% would no longer be taking effect. The changes announced during the Budget of 11 March 2020 were substantively enacted as at the 2020 balance sheet date, therefore, all opening deferred taxation balances have been remeasured at 19% with an adjustment recognised in the 2020 total tax charge.

12. Profit attributable to members of the parent company

The profit after taxation of the parent company was £55,000 (2020: loss £309,000).

13. Intangible assets

Group and Company

Goodwill £000

Cost

At 01 August 2020	622
At 31 July 2021	622

Amortisation

At 01 August 2020	622
At 31 July 2021	622

Net book value

At 01 August 2020	-
At 31 July 2021	-

Jerram Group Limited

Notes to the Financial Statements for the year ended 31 July 2021

14. Tangible fixed assets

Group	Freehold property £000	Plant and machinery £000	Motor vehicles £000	Office equipment £000	Total £000
<i>Cost or valuation</i>					
At 01 August 2020	15,895	558	225	1,729	18,407
Additions	-	21	1	18	40
Disposals			(61)	-	(61)
At 31 July 2021	15,895	579	165	1,747	18,386
<i>Depreciation</i>					
At 01 August 2020	30	395	155	356	936
Charge for the year on owned assets	29	31	14	100	174
Disposals	-	-	(59)	-	(59)
Revaluation	(23)	-	-	-	(23)
At 31 July 2021	36	426	110	456	1,028
<i>Net book value</i>					
At 31 July 2021	15,859	153	55	1,291	17,358
At 31 July 2020	15,865	163	70	1,373	17,471

If fixed assets had been accounted for under the historic cost accounting rules, the fixed assets would have been measured as follows:

	2021 £000	2020 £000
Historic cost	2,991	3,012
Fair value at the end of the year	17,358	17,471

Jerram Group Limited

Notes to the Financial Statements for the year ended 31 July 2021

15. Fixed asset investments

Group

At 31 July 2020, the Group held investment other than loans of £100 (2019: £100)

Company

	Investments in subsidiary companies £000
<i>Cost or valuation</i>	
At 01 August 2020	614
At 31 July 2021	<u>614</u>

Direct subsidiary undertakings

The following was a direct subsidiary undertaking of the Company:

Name	Registered office	Principal activity	Holding
Jerram Falkus Limited *	England	Holding investments in companies and properties	100%

Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Holding
Falkus Joinery Limited *	England	Bespoke joinery manufacturer	100%
Jerram Falkus Construction *	England	Building construction	100%
Jerram Developments Limited *	England	Property development	100%
William J Jerram Limited *	England	Dormant	100%
William J Jerram (Agricultural Investments) Limited *	England	Land investment	100%
Jerram Property Delivery Limited *	England	Property development	100%
Ambershire Limited **	England	Farming and liveries	66%

* Companies are registered at head office address in the UK: 14 Anning Street, London, EC2A 3LQ

** Registered office address of Ambershire Limited: Easter Hall, Aythorpe Roding, Dunmow, Essex, CM6 1PE

Jerram Group Limited

Notes to the Financial Statements for the year ended 31 July 2021

16. Investment property

Group

Freehold investments property £000

Valuation

At 01 August 2020	20,432
Additions	14
Disposals	(6)
At 31 July 2021	20,440

Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at the fair value at the reporting date. The investment properties were valued on 31 July 2019 by professional valuers. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise. No depreciation is provided on investment properties.

The above investment properties have been secured in the loan in note 19.

If the investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2021 £000	2020 £000
Historic cost	5,398	5,391
Fair value at the end of the year	20,440	20,432

Company

Freehold investments property £000

Cost or valuation

At 01 August 2020	20,876
At 31 July 2021	20,876

If the investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2021 £000	2020 £000
Historic cost	1,147	1,147
Fair value at the end of the year	20,876	20,876

Jerram Group Limited

Notes to the Financial Statements for the year ended 31 July 2021

17. Stocks

<i>Group</i>	2021 £000	2020 £000
Raw materials and consumables	163	203
Work in progress and assets held for sale	7,026	7,724
	7,189	7,927

The difference between purchase price or production cost of stocks and their replacement cost is not considered to be material.

18. Debtors

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Trade debtors	926	486	-	-
Other debtors	246	241	199	199
VAT repayable	-	315	-	-
Prepayments and accrued income	94	103	-	-
Amounts recoverable on long term contracts	9,926	5,848	-	-
Corporation tax repayable	201	239	73	73
	11,393	7,232	272	272

All amounts shown under debtors fall due for payment within one year except amounts recoverable on contracts £1,351,000 (2020 - £730,000).

Amounts owed by group undertakings are interest free and repayable on demand.

Jerram Group Limited

Notes to the Financial Statements for the year ended 31 July 2021

19. Creditors: Amounts falling due within one year

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Bank loans	2,500	1,569	-	-
Payments received on account	294	285	-	-
Trade creditors	350	310	-	-
Amounts owed to group undertakings	-	-	974	1,030
Other taxation and social security	440	256	-	-
Other creditors	14,705	12,941	-	-
Accruals and deferred income	297	314	-	-
Directors loan current account	25	45	-	-
	<u>18,611</u>	<u>15,720</u>	<u>974</u>	<u>1,030</u>

The overdraft and bank loan facilities are supported by the unlimited guarantees of group undertakings.

Included in the above is £49,272 related to pension paid on 16 August 2021.

On 27 July 2017, a loan totalling £2,593,000 was secured and drawn down in total by the parent company. This loan was repaid in two tranches, £1,024,000 in January 2019 with the balance repaid in full on 10 December 2020.

On 23 December 2020, a loan totalling £2,500,000 was secured and drawn down in total by the parent company. This loan is secured by a charge on properties owned by the Group, with interest charged at a floating rate which will never fall below 3%. It is due for repayment in full on 23 December 2023.

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

Group	2021 £000	2020 £000
Other creditors	<u>726</u>	<u>670</u>

Jerram Group Limited

Notes to the Financial Statements for the year ended 31 July 2021

21. Operating leases

	2021 £000	2020 £000
<i>Assets other than land and buildings</i>		
Operating leases which expire:		
- Within one year	9	15
- Between two and five years	-	9
	<u>9</u>	<u>24</u>

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

	2021 £000	2020 £000
No later than 1 year	972	917
Later than 1 year and not later than 5 years	3,411	2,938
Later than 5 years	<u>1,930</u>	<u>2,313</u>
	<u>6,313</u>	<u>6,168</u>

22. Financial instruments

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
<i>Financial assets</i>				
Financial assets that are debt instruments measured at amortised cost	17,050	13,601	198	199
<i>Financial liabilities</i>				
Financial liabilities measured at amortised cost	18,426	15,686	974	1,030

Financial assets that are debt instruments measured at amortised cost comprise cash, trade debtors, amounts owed by group undertakings, amounts recoverable on contracts, accrued income and other debtors.

Financial liabilities measured at amortised cost comprise overdrafts, trade creditors, amounts owed by group undertakings, directors' loan accounts, bank loans, accruals and other creditors.

Jerram Group Limited

Notes to the Financial Statements for the year ended 31 July 2021

23. Provisions for liabilities

Group	Deferred taxation (note 24) £000	Other £000	Total £000
At 01 August 2020	(4,628)	(301)	(4,929)
Charged / (credited) to profit or loss	(47)	278	231
Charged to other comprehensive income	(48)	-	(48)
At end of year	(4,723)	(23)	(4,746)

On 09 March 2020 Jerram Falkus Construction Limited was one of two companies receiving a mesothelioma claim for loss of earnings and healthcare costs by a former member of staff, dating back to 1974. The claim was settled on 25 January 2021 and all monies owed in relation to the settlement have been paid. Of the provision made as at 31 July 2020, £23,000 remains at the reporting date for future medical costs.

24. Deferred taxation

The movement in the deferred taxation provision during the year was:

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
At the beginning of year	(4,628)	(4,094)	(3,376)	(3,021)
Charged to profit or loss	(47)	(612)	-	(355)
Charged to other comprehensive income	(48)	78	-	-
At end of year	(4,723)	(4,628)	(3,376)	(3,376)

The provision for deferred taxation is made up as follows:

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Capital gains	(4,652)	(4,652)	(3,376)	(3,376)
Accelerated capital allowances	52	216	-	-
Other timing differences	(123)	(192)	-	-
	(4,723)	(4,628)	(3,376)	(3,376)

Jerram Group Limited

Notes to the Financial Statements for the year ended 31 July 2021

25. Share capital

	2021 £000	2020 £000
Allotted, called up and fully paid	100	100
100,000 (2020 – 100,000) Ordinary shares of £1.00 each		

26. Reserves

Called up share capital - This reserve records the nominal value received for shares sold. Details of the shares can be found within note 25.

Revaluation reserve - Although not required under the accounting standards, the revaluation reserve remains in order to distinguish between distributable and non-distributable reserves.

Other reserve - This is a reserve on consolidation and reflects adjustments required in respect of historical acquisitions.

Retained earnings - This reserve records retained earnings and accumulated losses.

Non-controlling interest - This reserve records amounts attributable to the non-controlling shareholders of Ambershire Limited.

27. Pension commitments

Defined benefit plans

The group previously operated a pension scheme which provided both defined benefit and defined contribution entitlements for those employed on administrative, technical and supervisory duties in the United Kingdom. The assets of the scheme are held separately from those of the company, being invested with financial institutions.

Following consultation with the scheme advisers it was decided to close the Defined Benefit section to future accrual of final salary benefits with effect from 7 April 2002. The scheme retains defined liabilities for deferred pensioners and for those active members as at 5 April 2002 who opted to retain deferred pensions.

Contributions into the Defined Contribution section continued until, following further consultation with the scheme advisers, it was decided to make no further contributions into the scheme with effect from 5 April 2006.

A new Group Personal Pension Plan was set up with effect from 6 April 2006 where individual funds are maintained for each member by financial institutions.

A full actuarial valuation was carried out at 5 April 2020 by a qualified actuary, independent of the scheme's sponsoring employer. In 2022 employer contributions are expected to be £300,000.

Pension benefits depend upon age, length of service and salary level.

Jerram Group Limited

Notes to the Financial Statements for the year ended 31 July 2021

27. Pension commitments (continued)

An analysis of the changes in the defined benefit section of the scheme during the year and the assumptions used are given below.

Reconciliation of present value of plan liabilities:

	2021 £000	2020 £000
At the beginning of the year Interest cost	7,480	7,326
Interest cost	117	157
Actuarial losses/(gains)	585	361
Benefits paid	(306)	(364)
Past service costs	-	-
At the end of the year	7,876	7,480

Reconciliation of present value of plan assets:

	2021 £000	2020 £000
At the beginning of the year Interest cost	6,376	6,353
Interest cost	102	139
Actuarial gains	866	(52)
Contributions	300	300
Benefits paid	(306)	(364)
At the end of the year	7,338	6,376

Composition of plan assets:

	2021 £000	2020 £000
Equity	1,216	960
Diversified Growth Assets	3,565	3,151
Bonds	1,579	1,229
Cash and other	60	51
LDI	918	985
Total plan assets	7,338	6,376

Jerram Group Limited

Notes to the Financial Statements for the year ended 31 July 2021

27. Pension commitments (continued)

	2021 £000	2020 £000
Fair value of plan assets	7,338	6,376
Present value of plan liabilities	(7,876)	(7,480)
Net pension scheme liability	(538)	(1,104)

The amounts recognised in profit or loss are as follows:

	2021 £000	2020 £000
Net interest cost	15	18
Past service costs	-	-
Total	15	18

Actual return on scheme assets	968	89
	968	89

Analysis of actuarial gain recognised in Other Comprehensive Income:

	2021 £000	2020 £000
Actual return less interest income included in net interest income	866	(52)
Experience gains and losses arising on the scheme liabilities	(56)	48
Changes in assumptions underlying the present value of the scheme liabilities	(529)	(409)
Total	281	(413)

None of the fair values of the assets shown above include any direct investments in the group's own financial instruments or any property occupied by, or other assets used by, the group.

Jerram Group Limited

Notes to the Financial Statements for the year ended 31 July 2021

27. Pension commitments (continued)

Principal actuarial assumptions at the Statement of Financial Position date (expressed as weighted averages):

	2021 %	2020 %
Discount rate	1.70	1.60
Future pension in payment increases	3.50	3.20
Future deferred pension increases	3.50	3.20
Inflation assumption (RPI)	3.50	3.20
Mortality rates		
– for a male aged 65 now	22.4 years	21.2 years
– at 65 for a male aged 45 now	24.2 years	23.1 years
– for a female aged 65 now	23.7 years	22.1 years
– at 65 for a female member aged 45 now	25.7 years	24.2 years

28. Related party transactions

All transactions between the group companies have been removed on consolidation. The group has taken advantage of the exemption in Section 33 of FRS 102 disclosing transactions with wholly owned members of the Jerram Falkus group.

At the year end the company was owed £410 by W J Jerram, a director and shareholder of the Group (2020: £3,057). The balance is included within other debtors. The transactions during the year relate to services provided by the company for personal building works and totalled £61,668 (2020: £158,360). Standard credit terms have been applied and no interest is being charged on the outstanding balance as monthly invoices are being repaid within the credit terms. Repayments during the year totalled £64,037 and the balance outstanding at the year end was repaid in full on 09 August 2021.

During the year, building services totalling £19,281 were provided by the company to director G M Jerram (2020: £nil). Standard credit terms have been applied and no interest is being charged on the outstanding balance as monthly invoices are being repaid within the credit terms. Repayments during the year totalled £19,281 with no balance outstanding at the year end.

29. Post balance sheet events

Sale of Falkus Joinery

On 11 August 2021, the shares in Falkus Joinery Limited were sold by Jerram Falkus Limited to Make One Group Limited. All intercompany debts were either paid or written off prior to sale.

30. Controlling Party

The immediate and ultimate controlling parties are jointly Gillian Jerram and Michael Jerram.