

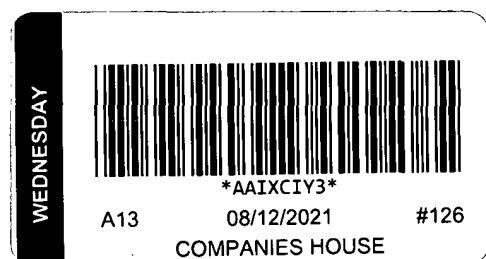
Registered number: 10377291

**321 Friel Limited**

Director's Report and Financial Statements

For the Year Ended 31 March 2021

**DAINS**  
ACCOUNTANTS



## **321 Friel Limited**

### **Company Information**

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<b>Director</b>	W D Friel
<b>Registered number</b>	10377291
<b>Registered office</b>	Newtack Farm Walsall Road Great Wyrley Walsall WS6 6AP
<b>Independent auditors</b>	Dains LLP 15 Colmore Row Birmingham B3 2BH

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## **Introduction**

321 Friel Limited is the immediate parent undertaking of Friel Holdings Limited and Friel Construction Limited and the ultimate parent undertaking of Friel Retirement Living Limited.

The company's principal activity is that of a holding company and for the group the principal activity remained that of the construction of private dwellings and the provision of labour, plant and materials to building contractors. During the year, the company incurred many of the head office costs for the group and subsequently recharged these to its subsidiary and related entities.

The Strategic Report covers the group's activities and performance of its subsidiary undertakings.

## **Business review of the subsidiary companies**

The director is pleased with the overall performance of the business for the period. Turnover has once again exceeded £20m turnover for ground works during the year and achieved a profit before tax, which the directors are pleased with. The directors are optimistic regarding the future order book and continue to invest in significant amounts of plant and equipment to help service this. The government are committed to housebuilding and the demands for new and affordable homes. The company had been successful in securing a number of new contracts and this business will be carried on during the next financial year. The ongoing competition for business remains strong and one of the key challenges for the business, but with a positive history and good working relationship with both customer and suppliers, the directors remain confident about the company's prospects.

The company's key performance indicators are that of turnover, gross and net profit and current ratio. All of which are monitored by management.

## **Principal risks and uncertainties**

The primary risks facing the business are that of the financial and cash flow risks due to inherent uncertainties within the industry. The directors have reviewed the impact of the UK's exit from the European Union and have concluded that the impact is manageable. The COVID-19 pandemic had some level of disruption during the period, but it is pleasing to see that the construction sector and the company has got back on track with the delivery of its scheduled work.

The directors firmly believe they work well with both suppliers and customers to help mitigate these risks whilst ensuring the ability to maintain an excellent reputation for quality and delivery of work within the market place.

This report was approved by the board on 3 December 2021 and signed on its behalf.

  
**W D Friel**  
Director

## **321 Friel Limited**

### **Director's Report For the Year Ended 31 March 2021**

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The director presents his report and the financial statements for the year ended 31 March 2021.

#### **Principal activity**

The principal activity of the Group is that of the construction and sale of private dwellings and the provision of labour and materials to building contractors for the construction of private dwellings.

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

#### **Results and dividends**

The profit for the year, after taxation, amounted to £1,921,008 (2020 - £2,418,257).

The directors have chosen not to declare a dividend for the company.

#### **Director**

The director who served during the year was:

W D Friel

#### **Director's responsibilities statement**

The director is responsible for preparing the Group Strategic Report, the Director's Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies for the Group'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 Group will continue in business.

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

#### **Future developments**

The director expects the general level of activity to remain consistent in the forthcoming year.

#### **Matters covered in the strategic report**

The Strategic Report sets out the business planning objectives and its longer term aims, alongside this year's performance, financial review and principal risks and uncertainties.

**Director's Report (continued)**  
**For the Year Ended 31 March 2021**

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**Disclosure of information to auditors**

The director at the time when this Director's Report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

**Post balance sheet events**

There have been no significant events affecting the Group since the year end.

**Auditors**

The auditors, Dains LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 3 December 2021 and signed on its behalf.

  
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W D Friel  
Director

**Independent Auditors' Report to the Members of 321 Friel Limited**

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**Opinion**

We have audited the financial statements of 321 Friel Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2021, which comprise the Group Profit and Loss Account, the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, 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 Group's and of the parent Company's affairs as at 31 March 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 director's 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 or the 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 director with respect to going concern are described in the relevant sections of this report.

**Independent Auditors' Report to the Members of 321 Friel Limited (continued)**

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**Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The director is 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.

**Opinion 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 Group Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Director's 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 Group Strategic Report or the Director's Report.

We have nothing to report in respect of the following matters in relation to which 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 director's 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 Director's Responsibilities Statement set out on page 2, the director is 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 director determines 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 director is responsible for assessing the Group's 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 director either intends to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.



Independent Auditors' Report to the Members of 321 Friel Limited (continued)

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**Auditors' 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.

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

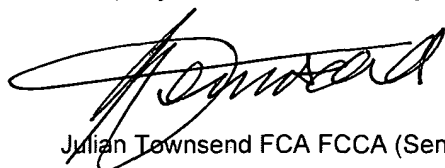
- Enquiry of management, those charged with governance around actual and potential litigation and claims;
- Enquiry of entity staff in compliance functions to identify any instances of non-compliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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](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 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 Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Julian Townsend FCA FCCA (Senior Statutory Auditor)

for and on behalf of  
**Dains LLP**

Statutory Auditor Chartered Accountants

Birmingham

3 December 2021

## 321 Friel Limited

### Consolidated Profit and Loss Account For the Year Ended 31 March 2021

	Note	2021 £	2020 £
Turnover	4	20,250,246	27,744,835
Cost of sales		(16,067,507)	(22,660,430)
<b>Gross profit</b>		<b>4,182,739</b>	<b>5,084,405</b>
Administrative expenses		(1,863,802)	(2,033,407)
Other operating income	5	84,378	-
<b>Operating profit</b>	6	<b>2,403,315</b>	<b>3,050,998</b>
Interest receivable and similar income	10	1,038	2,365
Interest payable and similar expenses	11	(31,252)	(38,714)
<b>Profit before tax</b>		<b>2,373,101</b>	<b>3,014,649</b>
Tax on profit	12	(452,093)	(596,392)
<b>Profit for the financial year</b>		<b>1,921,008</b>	<b>2,418,257</b>
<b>Profit for the year attributable to:</b>			
Owners of the parent		1,921,008	2,418,257
		<b>1,921,008</b>	<b>2,418,257</b>

The notes on pages 17 to 33 form part of these financial statements.

**321 Friel Limited****Consolidated Statement of Comprehensive Income  
For the Year Ended 31 March 2021**

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	2021 £	2020 £
Profit for the financial year	1,921,008	2,418,257
<b>Total comprehensive income for the year</b>	<u>1,921,008</u>	<u>2,418,257</u>
<b>Profit for the year attributable to:</b>		
Owners of the parent Company	1,921,008	2,418,257
	<u>1,921,008</u>	<u>2,418,257</u>
<b>Total comprehensive income attributable to:</b>		
Owners of the parent Company	1,921,008	2,418,257
	<u>1,921,008</u>	<u>2,418,257</u>

The notes on pages 17 to 33 form part of these financial statements.

**321 Friel Limited**  
**Registered number:10377291**

**Consolidated Balance Sheet**  
**As at 31 March 2021**

	Note	2021 £	2021 £	2020 £	2020 £
<b>Fixed assets</b>					
Tangible assets	14		5,475,952		6,073,638
<b>Current assets</b>					
Stocks	16	-		60,000	
Debtors: amounts falling due after more than one year	17	55,309		76,561	
Debtors: amounts falling due within one year	17	7,572,398		5,415,138	
Cash at bank and in hand	18	2,168,932		2,852,153	
		<u>9,796,639</u>		<u>8,403,852</u>	
Creditors: amounts falling due within one year	19	(4,014,038)		(4,898,767)	
<b>Net current assets</b>			<u>5,782,601</u>		<u>3,505,085</u>
<b>Total assets less current liabilities</b>			<u>11,258,553</u>		<u>9,578,723</u>
Creditors: amounts falling due after more than one year	20		(39,363)		(301,483)
<b>Provisions for liabilities</b>					
Deferred taxation	23	(379,000)		(325,000)	
Other provisions	24	(101,366)		(134,424)	
			<u>(480,366)</u>		<u>(459,424)</u>
<b>Net assets</b>			<u><u>10,738,824</u></u>		<u><u>8,817,816</u></u>
<b>Capital and reserves</b>					
Called up share capital	25		7,500,500		7,500,500
Merger reserve	26		(15,000,496)		(15,000,496)
Profit and loss account	26		18,238,820		16,317,812
			<u><u>10,738,824</u></u>		<u><u>8,817,816</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 3 December 2021.

  
**W D Friel**  
 Director

The notes on pages 17 to 33 form part of these financial statements.

**321 Friel Limited**  
**Registered number:10377291**

**Company Balance Sheet**  
**As at 31 March 2021**

	Note	2021 £	2021 £	2020 £	2020 £
<b>Fixed assets</b>					
Investments	15		15,000,502		15,000,502
			<u>15,000,502</u>		<u>15,000,502</u>
<b>Current assets</b>					
Debtors: amounts falling due within one year	17	756,455		399,442	
		<u>756,455</u>		<u>399,442</u>	
Creditors: amounts falling due within one year	19	(3,646,370)		(3,576,122)	
		<u>(3,646,370)</u>		<u>(3,576,122)</u>	
<b>Net current liabilities</b>			<u>(2,889,915)</u>		<u>(3,176,680)</u>
<b>Total assets less current liabilities</b>			<u>12,110,587</u>		<u>11,823,822</u>
<b>Net assets</b>			<u>12,110,587</u>		<u>11,823,822</u>
<b>Capital and reserves</b>					
Called up share capital	25		7,500,500		7,500,500
Profit for the year		286,765		323,320	
		<u>286,765</u>		<u>323,320</u>	
Profit and loss account carried forward			4,610,087		4,323,322
			<u>4,610,087</u>		<u>4,323,322</u>
			<u>12,110,587</u>		<u>11,823,822</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 3 December 2021.

  
**W D Friel**  
 Director

**321 Friel Limited**

**Consolidated Statement of Changes in Equity  
For the Year Ended 31 March 2021**

	<b>Called up share capital</b>	<b>Merger reserve</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 April 2020	7,500,500	(15,000,496)	16,317,812	8,817,816
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	1,921,008	1,921,008
<b>At 31 March 2021</b>	<b>7,500,500</b>	<b>(15,000,496)</b>	<b>18,238,820</b>	<b>10,738,824</b>

The notes on pages 17 to 33 form part of these financial statements.

**321 Friel Limited****Consolidated Statement of Changes in Equity  
For the Year Ended 31 March 2020**

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	<b>Called up share capital</b>	<b>Merger reserve</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 April 2019	7,500,500	(15,000,496)	13,899,555	6,399,559
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	2,418,257	2,418,257
<b>At 31 March 2020</b>	<u>7,500,500</u>	<u>(15,000,496)</u>	<u>16,317,812</u>	<u>8,817,816</u>

The notes on pages 17 to 33 form part of these financial statements.

**321 Friel Limited****Company Statement of Changes in Equity  
For the Year Ended 31 March 2021**

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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 April 2020	7,500,500	4,323,322	11,823,822
<b>Comprehensive income for the year</b>			
Profit for the year	-	286,765	286,765
<b>At 31 March 2021</b>	<b>7,500,500</b>	<b>4,610,087</b>	<b>12,110,587</b>

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The notes on pages 17 to 33 form part of these financial statements.



**321 Friel Limited****Company Statement of Changes in Equity  
For the Year Ended 31 March 2020**

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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 April 2019	7,500,500	4,000,002	11,500,502
<b>Comprehensive income for the year</b>			
Profit for the year	-	323,320	323,320
<b>At 31 March 2020</b>	<u>7,500,500</u>	<u>4,323,322</u>	<u>11,823,822</u>

The notes on pages 17 to 33 form part of these financial statements.

**Consolidated Statement of Cash Flows**  
**For the Year Ended 31 March 2021**

	2021 £	2020 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	1,921,008	2,418,257
<b>Adjustments for:</b>		
Depreciation of tangible assets	1,484,177	1,547,169
Loss on disposal of tangible assets	(43,457)	(176,272)
Interest paid	31,252	38,714
Interest received	(1,038)	(2,365)
Taxation charge	452,093	596,392
Decrease in stocks	60,000	428,400
(Increase)/decrease in debtors	(2,136,007)	837,468
Increase/(decrease) in creditors	26,492	(1,609,664)
(Decrease)/increase in provisions	(33,058)	79,560
Corporation tax (paid)	(633,173)	(263,344)
<b>Net cash generated from operating activities</b>	<b>1,128,289</b>	<b>3,894,315</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(823,522)	(870,254)
Sale of tangible fixed assets	156,488	595,584
Interest received	1,038	2,365
HP interest paid	(31,252)	(38,714)
<b>Net cash from investing activities</b>	<b>(697,248)</b>	<b>(311,019)</b>
<b>Cash flows from financing activities</b>		
Repayment of/new finance leases	(1,114,262)	(1,548,821)
<b>Net cash used in financing activities</b>	<b>(1,114,262)</b>	<b>(1,548,821)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(683,221)</b>	<b>2,034,475</b>
Cash and cash equivalents at beginning of year	2,852,153	817,678
<b>Cash and cash equivalents at the end of year</b>	<b>2,168,932</b>	<b>2,852,153</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	2,168,932	2,852,153
	<b>2,168,932</b>	<b>2,852,153</b>

The notes on pages 17 to 33 form part of these financial statements.

**Consolidated Analysis of Net Debt  
For the Year Ended 31 March 2021**

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	At 1 April 2020 £	Cash flows £	New finance leases £	At 31 March 2021 £
Cash at bank and in hand	2,852,153	(683,221)	-	2,168,932
Finance leases	(1,346,588)	1,114,262	(176,000)	(408,326)
	<u>1,505,565</u>	<u>431,041</u>	<u>(176,000)</u>	<u>1,760,606</u>

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The notes on pages 17 to 33 form part of these financial statements.

**Notes to the Financial Statements  
For the Year Ended 31 March 2021**

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**1. General information**

321 Friel Limited is a company incorporated in England and Wales. The registered address of the company can be found in the company information section within these financial statements. The principal activity of the company is that of a holding company. The principal activity of the group is that of the construction and sale of private dwellings and the provision of labour, plant and materials to building contractors.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The consolidated financial statements are prepared and presented in GBP, which is the company's functional currency and rounded to the nearest £.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

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

The following principal accounting policies have been applied:

**2.2 Basis of consolidation**

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Profit and Loss Account from the date on which control is obtained. They are deconsolidated from the date control ceases. Where business combinations were accounted for as a merger in accordance with UK GAAP and Companies Act, the group continues to recognise a merger reserve for the difference between the nominal value of the shares issued for the shares acquired.

**2.3 Going concern**

The financial statements are prepared on a going concern basis which the directors believe to be appropriate as profit and loss and cash flow forecasts prepared by directors for the foreseeable future, which assume the ongoing availability of the current banking facilities and loans, indicate that the company will have adequate funding in place to enable to meet its day to day expenditure for at least 12 months from the date of approval of these financial statements.

## 2. Accounting policies (continued)

### 2.4 Revenue

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

#### Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Revenue from the sale of houses is recognised when sales are legally completed. Revenue from rentals is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured and represents revenue on a receivables basis.

### 2.5 Operating leases

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

### 2.6 Leased assets

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

### 2.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Profit and Loss Account in the same period as the related expenditure.

### 2.8 Interest income

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

**Notes to the Financial Statements  
For the Year Ended 31 March 2021**

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**2. Accounting policies (continued)**

**2.9 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.

**2.10 Pensions**

**Defined contribution pension plan**

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 profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

**2.11 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**2.12 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

**Notes to the Financial Statements**  
For the Year Ended 31 March 2021

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**2. Accounting policies (continued)**

**2.12 Tangible fixed assets (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a straight line or reducing balance basis.

Depreciation is provided on the following basis:

Improvement to leasehold property	-	20% straight line
Plant and machinery	-	25% reducing balance
Motor vehicles	-	25% reducing balance
Fixtures and fittings	-	25% reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

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

**2.13 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

**2.14 Stocks and work in progress**

Stocks and work in progress is valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

Land held for development, including land in the course of development, is initially recorded at cost. Regular reviews are carried out to identify any impairment in the value of the land considering the existing use value of the land and the likelihood of achieving a planning consent and the value thereof. Provision is made to reflect any irrecoverable amounts.

**2.15 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.

**2.16 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.

**Notes to the Financial Statements  
For the Year Ended 31 March 2021**

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**2. Accounting policies (continued)**

**2.17 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.

**2.18 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet 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 Balance Sheet.

**2.19 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 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

**2.20 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.



**Notes to the Financial Statements**  
**For the Year Ended 31 March 2021**

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

The preparation of the financial statements in conformity with generally accepted accounting principles requires directors to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results in the future could differ from those estimates. In this regard, the Directors believe that the critical accounting policies where judgements or estimating are necessarily applied are summarised below.

**Depreciation and residual values**

The Directors have reviewed the asset lives and associated residual values of all fixed asset classes, and in particular, the useful economic life and residual values of office equipment, and have concluded that asset lives and residual values are appropriate.

**4. Turnover**

The whole of the turnover is attributable to the group's principal activities.

All turnover arose within the United Kingdom.

**5. Other operating income**

	2021 £	2020 £
Coronavirus Job Retention Scheme income	<u>84,378</u>	<u>-</u>

The group has been eligible to claim from the government support schemes in response to the Covid-19 outbreak. The group furloughed certain staff under the Coronavirus Job Retention Scheme (CJRS). The funding received of £84,378 relates to claims made in respect of the year.

**6. Operating profit**

The operating profit is stated after charging:

	2021 £	2020 £
Depreciation on tangible fixed assets	1,484,177	1,547,169
Other operating lease rentals	60,000	60,000
Defined contribution pension cost	116,894	111,602
Profit on sale of tangible assets	<u>(39,346)</u>	<u>(176,272)</u>

**Notes to the Financial Statements**  
**For the Year Ended 31 March 2021**

**7. Auditors' remuneration**

	2021 £	2020 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>17,500</u>	<u>18,500</u>
<b>Fees payable to the Group's auditor and its associates in respect of:</b>		
Taxation compliance services	<u>3,350</u>	<u>3,500</u>

**8. Employees**

Staff costs, including director's remuneration, were as follows:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Wages and salaries	803,959	774,488	803,959	774,488
Social security costs	96,502	68,748	96,502	68,748
Cost of defined contribution scheme	116,894	111,602	116,894	111,602
	<u>1,017,355</u>	<u>954,838</u>	<u>1,017,355</u>	<u>954,838</u>

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

	2021 No.	2020 No.
Construction	9	8
Management and administration	15	14
	<u>24</u>	<u>22</u>

The Company has no employees other than the directors, who did not receive any remuneration (2020 - £NIL)

**9. Director's remuneration**

	2021 £	2020 £
Director's emoluments	<u>72,810</u>	<u>65,151</u>

**Notes to the Financial Statements**  
**For the Year Ended 31 March 2021**

**10. Interest receivable**

	2021 £	2020 £
Other interest receivable	1,038	2,365

**11. Interest payable and similar expenses**

	2021 £	2020 £
Finance leases and hire purchase contracts	31,252	38,714

**12. Taxation**

	2021 £	2020 £
<b>Corporation tax</b>		
Current tax on profits for the year	401,050	477,892
Adjustments in respect of previous periods	(2,957)	-
<b>Total current tax</b>	<b>398,093</b>	<b>477,892</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	54,000	95,324
Changes to tax rates	-	23,176
<b>Total deferred tax</b>	<b>54,000</b>	<b>118,500</b>
<b>Taxation on profit on ordinary activities</b>	<b>452,093</b>	<b>596,392</b>

**Notes to the Financial Statements**  
**For the Year Ended 31 March 2021**

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**12. Taxation (continued)****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%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>2,373,101</u>	<u>3,014,649</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	<b>450,889</b>	572,783
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	228
Adjustments to tax charge in respect of prior periods	(2,957)	-
Changes in provisions leading to an increase (decrease) in the tax charge	4,161	22,825
Deferred tax not recognised	-	556
<b>Total tax charge for the year</b>	<u><b>452,093</b></u>	<u>596,392</u>

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

**13. Parent company profit for the year**

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and Loss Account in these financial statements. The profit after tax of the parent Company for the year was £286,765 (2020 - £323,320).

**Notes to the Financial Statements**  
**For the Year Ended 31 March 2021**

**14. Tangible fixed assets****Group**

	Improvements to leasehold property £	Plant and machinery £	Motor vehicles £	Furniture, fittings and equipment £	Total £
<b>Cost or valuation</b>					
At 1 April 2020	155,297	11,289,003	1,389,877	123,240	12,957,417
Additions	-	647,138	352,384	-	999,522
Disposals	-	(159,009)	(166,261)	-	(325,270)
At 31 March 2021	155,297	11,777,132	1,576,000	123,240	13,631,669
<b>Depreciation</b>					
At 1 April 2020	155,297	6,023,236	607,998	97,248	6,883,779
Charge for the year on owned assets	-	900,017	205,300	7,042	1,112,359
Charge for the year on financed assets	-	371,818	-	-	371,818
Disposals	-	(84,414)	(127,825)	-	(212,239)
At 31 March 2021	155,297	7,210,657	685,473	104,290	8,155,717
<b>Net book value</b>					
At 31 March 2021	-	4,566,475	890,527	18,950	5,475,952
At 31 March 2020	-	5,265,767	781,879	25,992	6,073,638

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

	2021 £	2020 £
Plant and machinery	1,374,192	2,418,778

**Notes to the Financial Statements  
For the Year Ended 31 March 2021**

**15. Fixed asset investments****Company**

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 April 2020	15,000,502
At 31 March 2021	<u>15,000,502</u>

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding</b>
Friel Holdings Limited	Holding company	Ordinary	100%
Friel Construction Limited	Provide labour, plant and materials to building contractors	Ordinary	100%
Friel Retirement Living Limited *	Dormant	Ordinary	100%

\* indicates an indirect holding

**16. Stocks**

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Land stocks and work in progress	-	60,000	-	-

**Notes to the Financial Statements  
For the Year Ended 31 March 2021**

**17. Debtors**

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
<b>Due after more than one year</b>				
Other debtors	55,309	76,561	-	-
	<u>55,309</u>	<u>76,561</u>	<u>-</u>	<u>-</u>
	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
<b>Due within one year</b>				
Trade debtors	4,169,098	3,302,934	-	-
Amounts owed by group undertakings	-	-	756,455	399,442
Other debtors	3,143,494	1,885,674	-	-
Prepayments and accrued income	244,672	211,396	-	-
Tax recoverable	15,134	15,134	-	-
	<u>7,572,398</u>	<u>5,415,138</u>	<u>756,455</u>	<u>399,442</u>

**18. Cash and cash equivalents**

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Cash at bank and in hand	<u>2,168,932</u>	<u>2,852,153</u>	<u>-</u>	<u>-</u>

**19. Creditors: Amounts falling due within one year**

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade creditors	2,057,697	1,883,934	-	-
Amounts owed to group undertakings	-	-	2,648,181	2,438,077
Corporation tax	211,050	446,130	67,266	76,122
Other taxation and social security	324,062	363,050	-	-
Obligations under finance lease and hire purchase contracts	368,963	1,045,105	-	-
Other creditors	941,244	1,072,030	930,923	1,061,923
Accruals and deferred income	111,022	88,518	-	-
	<u>4,014,038</u>	<u>4,898,767</u>	<u>3,646,370</u>	<u>3,576,122</u>

**Notes to the Financial Statements**  
**For the Year Ended 31 March 2021**

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

	<b>Group 2021 £</b>	<b>Group 2020 £</b>	<b>Company 2021 £</b>	<b>Company 2020 £</b>
Net obligations under finance leases and hire purchase contracts	<b>39,363</b>	301,483	-	-

Obligations under finance lease and hire purchase contracts were secured against the assets to which they relate.

**21. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	<b>Group 2021 £</b>	<b>Group 2020 £</b>
Within one year	368,962	1,045,105
Between 1-5 years	39,363	301,483
	<b>408,325</b>	1,346,588



**Notes to the Financial Statements**  
**For the Year Ended 31 March 2021**

**22. Financial instruments**

	<b>Group 2021 £</b>	<b>Group 2020 £</b>	<b>Company 2021 £</b>	<b>Company 2020 £</b>
<b>Financial assets</b>				
Cash and cash equivalents	<b>2,168,932</b>	2,852,153	-	-
Financial assets measured at undiscounted amount receivable	<b>7,367,901</b>	5,265,169	<b>756,455</b>	399,442
	<b>9,536,833</b>	8,117,322	<b>756,455</b>	399,442
<b>Financial liabilities</b>				
Financial liabilities measured at undiscounted amount payable	<b>(3,109,963)</b>	(3,044,482)	<b>(3,779,104)</b>	(3,500,000)
Financial liabilities measured at amortised cost	<b>(408,326)</b>	(1,346,588)	-	-
	<b>(3,518,289)</b>	(4,391,070)	<b>(3,779,104)</b>	(3,500,000)

Financial assets measured at undiscounted amount receivable comprise trade debtors, amounts owed by group undertakings (for company only) and other debtors.

Financial liabilities measured at undiscounted amount payable comprise trade creditors, amounts owed to group undertakings (for company only), other creditors and accruals.

Financial liabilities measured at amortised cost comprise obligations under finance lease and hire purchase contracts.

Notes to the Financial Statements  
For the Year Ended 31 March 2021

## 23. Deferred taxation

### Group

	2021 £	2020 £
At beginning of year	(325,000)	(197,000)
Charged to profit or loss	(54,000)	(128,000)
<b>At end of year</b>	<b>(379,000)</b>	<b>(325,000)</b>
	<b>Group 2021 £</b>	<b>Group 2020 £</b>
Accelerated capital allowances	(382,000)	(329,000)
Short term timing differences	3,000	13,500
Other	-	(9,500)
	<b>(379,000)</b>	<b>(325,000)</b>

## 24. Provisions

### Group

	Rectification provision £
At 1 April 2020	134,424
Charged to profit or loss	(33,058)
<b>At 31 March 2021</b>	<b>101,366</b>

### Rectification provision

Provision relate to claims or remedial works on site. There remains uncertainty as to the outcome, but the provisions represent management's best estimate of the amount that will be settled.

**Notes to the Financial Statements**  
**For the Year Ended 31 March 2021**

**25. Share capital**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Allotted, called up and fully paid</b>		
500 (2020 - 500) Ordinary shares of £1.00 each	<b>500</b>	500
7,500,000 (2020 - 7,500,000) Preference shares of £1.00 each	<b>7,500,000</b>	7,500,000
	<u><b>7,500,500</b></u>	<u>7,500,500</u>

The preference shares of the company have no voting rights and are not entitled to a dividend.

**26. Reserves****Merger Reserve**

The merger reserve represents the difference between the cost of investment and the nominal value of the shares acquired during the group restructure.

**Profit and loss account**

The profit and loss account represents cumulative profits and losses, net of any dividends paid.

**27. Capital commitments**

At 31 March 2021 the Group and Company had capital commitments as follows:

	<b>Group</b>	<b>Group</b>
	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Contracted for but not provided in these financial statements	<u><b>9,250</b></u>	<u>-</u>

**28. Pension commitments**

The Group contributes to personal pension plans and the pension charge represents the amounts payable by the Group to the pension plans in respect of the year. The pension cost charge represents contributions payable by the company to the personal pension plans and amounted to £116,894 (2020 - £111,602). Contributions totalling £10,321 (2020 - £10,107) were payable to the personal pension plans at the balance sheet date and are included in other creditors.

**Notes to the Financial Statements  
For the Year Ended 31 March 2021**

**29. Commitments under operating leases**

At 31 March 2021 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021 £	Group 2020 £
Not later than 1 year	<u>60,000</u>	<u>60,000</u>

**30. Related party transactions**

In accordance with Financial Reporting Standard 102 Section 33 "Related Party Disclosures", transactions with group undertakings of 321 Friel Limited have not been disclosed in these financial statements as the company is a parent of wholly owned subsidiary undertakings preparing publicly available consolidated financial statements.

Other companies are related due to common control. During the year the following transactions took place between these entities:

During the year sales and recharges were made totalling £1,304,818 (2020 - £1,388,162) and £200,000 (2020 - £200,000) respectively. At the year end, £2,924,237 (2020 - £1,687,268) was due from the related entity.

Key management personnel is the Director, whose remuneration is disclosed in note 8. The director co-owns property used by the group and the director charged the group £30,000 (2020 - £30,000) for rent during the year. In addition withdrawals were taken from the loan account of the spouse of the director of £131,169. The spouse of the director also co-owns the property utilised by the group and the spouse also charged the company £30,000 (2020 - £30,000) in rent during the year. At the year end, £877,014 (2020 - £1,008,183) was due from the company to the director's spouse.

**31. Controlling party**

The ultimate controlling party is W D Friel.