

PAYE STONWORK & RESTORATION LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year Ended 31 August 2021

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**STRATEGIC REPORT
For the Year Ended 31 August 2021**

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

Business review

The second year of the Covid 19 pandemic was marked by substantial increases in material, labour and overhead costs. Particularly high levels of inflation, not seen within the construction industry for many years, affected material supply costs. Post-Brexit labour shortages increased labour costs. Demand for materials and skilled workers outstripped supply in this difficult year. These cost increases were exacerbated by the inevitable lockdown delays on projects, many of which were secured before the pandemic. In order to keep works progressing, the directors implemented Covid-secure working practices on sites including staggered working hours, additional security controls, one-way access routes and the provision of sanitary stations. Management time conceiving and implementing these new working practices, together with the extended contract periods, resulted in additional overhead costs being incurred. Whilst our clients were willing to award additional time associated with the impact of the pandemic, they did not recompense us for the costs associated with the overrun of contracts or costs arising from the implementation of Covid-secure working practices. The effect of these increases was to reduce margins below the level needed to cover overheads but the directors are pleased to confirm that this unprofitable trading period was relatively short and effectively limited to Q3 and Q4 of the year.

Turnover for the year to 31 August 2021 reduced to £35.8m (2020: £38.2m) with a corresponding pre-tax trading loss of £791k (2020: profit £3.2m).

Trading since the start of the current financial year has been strong, demonstrating a return to normal levels of trading and margins. Contracts secured since the summer of 2021 have been secured at current costs ensuring that the company no longer has to bear the cost of excessive inflationary pressures. We currently have in excess of £30m of profitable work in hand to be undertaken over the coming months. In addition to this, there are several new exciting projects soon to be secured from our pipeline. These include a number of large-value projects and also small-to-medium sized schemes, the latter being the works upon which the company has built its excellent reputation. This recovery has been achieved as a result of much hard work by the directors and staff and is testament to our long-term commitment to the recruitment and training of talented people from a diverse range of backgrounds.

Our key objective continues to be to undertake specialist traditional craft work of the highest calibre at a cost which represents the greatest value to our clients. This principle serves us well as evidenced by the continued demand for our services.

Whereas many of our projects are funded from within the UK, overseas investors continue to value our services in the residential, retail, commercial and leisure markets.

Our technical skills and commercial services are required by a wide range of private and publicly funded clients including museums, galleries, hotels, schools, embassies, large department stores and other retail outlets, the Royal Household, the Parliamentary Estate, the Crown Estate, English Heritage, churches, residential developments, local authorities, various government departments and major infrastructure projects.

The varied nature of our client base and the wide variety of work we undertake is key to the success of the business. It is a key objective of the company to always maintain this diversity.

STRATEGIC REPORT (CONTINUED)
For the Year Ended 31 August 2021

Principal risks and uncertainties

The company's principal financial instruments comprise bank loan and overdraft facilities, lease contracts, cash and short-term deposits. The main purpose of these financial instruments is to provide finance for the company's operations. The company has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. The company does not enter into derivative transactions.

It is the company's policy that no trading in financial instruments shall be undertaken. The main risks arising from the company's financial instruments are detailed below. The board reviews and agrees policies for managing each of these risks and they are summarised as follows:

Interest rate risk

The company's exposure to market risk for changes in interest rates relates primarily to the company's short-term debt obligations. The company's policy is to manage its interest cost using variable rate debt. The company exposure to interest rate fluctuations on its borrowings is managed by the use of floating facilities. The company finances specific vehicle and equipment acquisitions via contract hire and other operating lease arrangements.

Commodity price risk

The company's exposure to the price of stone is relatively high; therefore selling prices are monitored regularly to reduce the impact of such risk.

Credit risk

The company derives a major part of its income from trade with recognised, creditworthy third parties. It is company policy that all customers who wish to trade on credit terms are subject to credit vetting procedures. In addition, receivable balances are vigorously monitored on an ongoing basis with the result that the company's exposure to bad debts is reduced as far as possible.

Liquidity risk

The company's objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, contract hire and operating lease contracts.

Financial key performance indicators

Turnover decreased to £35.8 million (2020: £38.2 million) whilst a loss before taxation was incurred of £791,330 (2020: profit £3,236,200) and shareholders' funds decreased to £434,205 (2020: £1,897,308).

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



M R Harvey
Director

Date: 4 May 2022

PAYE STONWORK & RESTORATION LIMITED

DIRECTORS' REPORT For the Year Ended 31 August 2021

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

Principal activity

The company's principal activities during the year were those of cleaning masonry, repairing, extending and adapting historic facades.

Results and dividends

The loss for the year, after taxation, amounted to £322,859 (2020 - profit £2,629,567).

During the year dividends of £Nil (2020: £950,000) were paid to the company's immediate parent undertaking.

Directors

The directors who served during the year were:

A P W Paye
P P Newsam
M R Harvey
M J Kember
R W Greer
A McNeill
G Staple
D J Peachey
D J Devon (non-executive)

Future developments

The company will continue its strategy of developing long-term relationships with key clients whilst at the same time fostering new links with organisations seen as being able to provide a steady source of future work.

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.

Post balance sheet events

There have been no significant post balance sheet events affecting the company.

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



M R Harvey
Director

Date: 4 May 2022

PAYE STONEWORK & RESTORATION LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT For the Year Ended 31 August 2021

The directors are responsible for preparing the strategic report, 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 judgments 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PAYE STONWORK & RESTORATION LIMITED

Opinion

We have audited the financial statements of Paye Stonework & Restoration Limited (the 'company') for the year ended 31 August 2021, which comprise the statement of comprehensive income, the statement of financial position, the 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 company's affairs as at 31 August 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 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 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.

Other information

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

We have nothing to report in this regard.

PAYE STONWORK & RESTORATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PAYE STONWORK & RESTORATION LIMITED (CONTINUED)

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' 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, 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 directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

PAYE STONEWORK & RESTORATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PAYE STONEWORK & RESTORATION LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit is capable of detecting irregularities, including fraud

We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We design our procedures so as to obtain sufficient appropriate audit evidence that the financial statements are not materially misstated due to non-compliance with laws and regulations or due to fraud or error.

We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations – this responsibility lies with management with the oversight of the directors.

Based on our understanding of the company and its industry together with discussions with management and directors, we identified financial reporting standards and Companies Act 2006 as having a direct effect on the amounts and disclosures in the financial statements.

As part of the engagement team discussion about how and where the company's financial statements may be materially misstated due to fraud, we did not identify any areas with an increased risk of fraud.

Our audit procedures included:

- completing a risk-assessment process during our planning for this audit that specifically considered the risk of fraud;
- enquiry of management about the company's policies, procedures and related controls regarding compliance with laws and regulations and if there are any known instances of non-compliance;
- examining supporting documents for all material balances, transactions and disclosures;
- review, where applicable, of minutes of meetings of the board of directors;
- enquiry of management, about any litigations and claims and inspection of relevant correspondence
- analytical procedures to identify any unusual or unexpected relationships;
- specific audit testing on and review of areas that could be subject to management override of controls and potential bias, most notably around the key judgments and estimates;
- considering management override of controls outside of the normal operating cycles including testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements including evaluating the business rationale of significant transactions, outside the normal course of business.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organised schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations being made to us.

PAYE STONWORK & RESTORATION LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PAYE STONWORK & RESTORATION
LIMITED (CONTINUED)**

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 auditor's report.

Use of our report

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

M Stallabass

Matthew Stallabass (senior statutory auditor)

for and on behalf of
Crowe U.K. LLP

Statutory Auditor

55 Ludgate Hill
London
EC4M 7JW

5 May 2022

PAYE STONEWORK & RESTORATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 31 August 2021

	Note	2021 £	2020 £
Turnover		35,781,471	38,186,836
Cost of sales		(31,502,679)	(30,667,414)
Gross profit		4,278,792	7,519,422
Administrative expenses		(5,120,251)	(4,708,953)
Other operating income	4	62,575	421,347
Operating (loss)/profit	5	(778,884)	3,231,816
Interest receivable and similar income		401	4,632
Interest payable and similar expenses		(12,847)	(248)
(Loss)/profit before tax		(791,330)	3,236,200
Tax on (loss)/profit	8	468,471	(606,633)
(Loss)/profit for the financial year		(322,859)	2,629,567

There was no other comprehensive income for 2021 (2020:£NIL).

The notes on pages 12 to 22 form part of these financial statements.

PAYE STONEWORK & RESTORATION LIMITED
Registered number: 02743908

STATEMENT OF FINANCIAL POSITION
As at 31 August 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	9	53,113	71,487
Current assets			
Stocks		3,723	1,976
Debtors: amounts falling due after more than one year	10	986,888	949,602
Debtors: amounts falling due within one year	10	8,100,274	9,619,602
Cash at bank and in hand	11	2,363,299	3,619,348
		<u>11,454,184</u>	<u>14,190,528</u>
Creditors: amounts falling due within one year	12	(9,562,905)	(10,590,631)
Net current assets		<u>1,891,279</u>	<u>3,599,897</u>
Total assets less current liabilities		<u>1,944,392</u>	<u>3,671,384</u>
Creditors: amounts falling due after more than one year	13	(1,510,187)	(1,774,076)
Net assets		<u><u>434,205</u></u>	<u><u>1,897,308</u></u>
Capital and reserves			
Called up share capital	14	50,000	50,000
Profit and loss account		384,205	1,847,308
		<u><u>434,205</u></u>	<u><u>1,897,308</u></u>

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



P P Newsam
Director



M R Harvey
Director

Date: 4 May 2022

The notes on pages 12 to 22 form part of these financial statements.

PAYE STONWORK & RESTORATION LIMITED

**STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 August 2021**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 September 2019	50,000	1,478,229	1,528,229
Profit for the year	-	2,629,567	2,629,567
Gifts to Paye Employee Ownership Trust	-	(1,310,488)	(1,310,488)
Dividends: Equity capital	-	(950,000)	(950,000)
At 1 September 2020	50,000	1,847,308	1,897,308
Loss for the year	-	(322,859)	(322,859)
Gifts to Paye Employee Ownership Trust	-	(1,140,244)	(1,140,244)
At 31 August 2021	50,000	384,205	434,205

The notes on pages 12 to 22 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 August 2021

1. General information

The company is a private company (limited by shares) incorporated in England and Wales and its principal activities during the year were those of cleaning masonry, repairing, extending and adapting historic facades. The company's principal place of business and its registered office are located at Stationmasters House, Mottingham Station Approach, London, SE9 4EL.

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

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A.

This information is included in the consolidated financial statements of Paye Stonework Investments Limited as at 31 August 2021 and these financial statements may be obtained from Companies House.

2.3 Going concern

The directors consider the going concern basis to be appropriate having paid due regard to the company's projected results during the twelve months from the date the financial statements are approved and the anticipated cash flows, availability of bank facilities and mitigating actions that can be taken during that period. The directors only allow gifts to be made to the Paye Employee Ownership Trust if there are sufficient distributable reserves available to cover such payments and that adequate working capital remains within the company.

In arriving at the above assessment regarding going concern the directors have paid due regard to the impact of the ongoing Covid 19 pandemic on the company's and its group's business (see the strategic report for further information).

The directors are satisfied that if further lockdowns relating to the pandemic were to occur within the twelve months from the date of approval of the financial statements, that mitigating actions can be taken to ensure the company remains a going concern.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 August 2021

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 company 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:

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

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 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 statement of comprehensive income in the same period as the related expenditure.

2.7 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company 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 statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

2.8 Taxation

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 reporting date in the countries where the company operates and generates income.

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 August 2021**

2. Accounting policies (continued)

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Non short term debtors 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.

2.10 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.

2.11 Creditors

Short term creditors are measured at transaction price. Non short term creditors are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 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.

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements include estimation, where applicable, for items relating to the carrying value of amounts recoverable under long-term contracts.

4. Other operating income

	2021	2020
	£	£
Other operating income	62,575	421,347

The government grants received in the year relate to monies received under the Coronavirus Job Retention Scheme.

PAYE STONWORK & RESTORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 August 2021**

5. Operating (loss)/profit

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

	2021	2020
	£	£
Depreciation of tangible fixed assets	30,768	24,668
Operating lease rentals: property leases	256,989	256,230
Auditor's remuneration	30,750	30,000
	<u>318,507</u>	<u>310,898</u>

6. Employees

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

	2021	2020
	£	£
Wages and salaries	7,295,169	6,999,653
Social security costs	852,659	809,744
Cost of defined contribution scheme	389,896	367,703
	<u>8,537,724</u>	<u>8,177,100</u>

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

	2021	2020
	No.	No.
Administrative staff	26	24
Contracts and site staff	93	99
	<u>119</u>	<u>123</u>

PAYE STONWORK & RESTORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 August 2021

7. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	1,370,787	1,313,321
Company contributions to defined contribution pension schemes	109,424	82,507
	<u>1,480,211</u>	<u>1,395,828</u>

During the year retirement benefits were accruing to 8 directors (2020 - 8) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £208,800 (2020 - £193,861).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £14,567 (2020 - £13,939).

The directors are the key management of the company.

8. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	(136,666)	627,000
Adjustments in respect of previous periods	(331,805)	(20,367)
	<u>(468,471)</u>	<u>606,633</u>
Total current tax	<u>(468,471)</u>	<u>606,633</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 August 2021

8. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - *lower than*) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
(Loss)/profit before tax	(791,330)	3,236,200
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(150,353)	614,878
Effects of:		
Adjustments to tax charge in respect of prior periods	(331,805)	(20,367)
Other differences leading to an increase (decrease) in the tax charge	13,687	12,122
Total tax charge for the year	(468,471)	606,633

Factors that may affect future tax charges

There are no significant factors that may affect future tax charges.

PAYE STONWORK & RESTORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 August 2021

9. Tangible fixed assets

	Plant & machinery £	Fixtures & fittings £	Motor vehicles £	Total £
Cost				
At 1 September 2020	126,565	62,513	6,995	196,073
Additions	12,394	-	-	12,394
At 31 August 2021	<u>138,959</u>	<u>62,513</u>	<u>6,995</u>	<u>208,467</u>
Depreciation				
At 1 September 2020	95,730	21,978	6,878	124,586
Charge for the year on owned assets	18,853	11,798	117	30,768
At 31 August 2021	<u>114,583</u>	<u>33,776</u>	<u>6,995</u>	<u>155,354</u>
Net book value				
At 31 August 2021	<u><u>24,376</u></u>	<u><u>28,737</u></u>	<u><u>-</u></u>	<u><u>53,113</u></u>
At 31 August 2020	<u><u>30,835</u></u>	<u><u>40,535</u></u>	<u><u>117</u></u>	<u><u>71,487</u></u>

PAYE STONWORK & RESTORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 August 2021**

10. Debtors

	2021	2020
	£	£
Due after more than one year		
Amounts recoverable on long-term contracts	986,888	949,602
	<u>986,888</u>	<u>949,602</u>
	2021	2020
	£	£
Due within one year		
Other debtors	112,127	138,602
Prepayments and accrued income	46,516	43,398
Amounts recoverable on long-term contracts	7,146,756	9,437,602
Corporation tax recoverable	794,875	-
	<u>8,100,274</u>	<u>9,619,602</u>

11. Cash and cash equivalents

	2021	2020
	£	£
Cash at bank and in hand	2,363,299	3,619,348
	<u>2,363,299</u>	<u>3,619,348</u>

12. Creditors: Amounts falling due within one year

	2021	2020
	£	£
Bank loans	300,000	100,000
Trade creditors	5,658,623	6,133,206
Corporation tax	-	366,000
Other taxation and social security	1,159,469	731,920
Other creditors	18,564	50,239
Accruals and deferred income	2,426,249	3,209,266
	<u>9,562,905</u>	<u>10,590,631</u>

The company's bank facilities are secured by a fixed and floating charge over the company's assets.

PAYE STONEWORK & RESTORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 August 2021

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

	2021 £	2020 £
Bank loans	1,125,000	1,400,000
Trade creditors	385,187	374,076
	<u>1,510,187</u>	<u>1,774,076</u>

The bank loan detailed above and in the preceding note is repayable over a five year period in equal monthly instalments from June 2021 and attracts interest at 3.12% over the base rate.

14. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
50,000 (2020 - 50,000) Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

15. Commitments under operating leases

At 31 August 2021 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	335,000	298,000
Later than 1 year and not later than 5 years	1,136,000	1,045,000
Later than 5 years	207,000	457,000
	<u>1,678,000</u>	<u>1,800,000</u>

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 August 2021**

16. Related party transactions

Paye Employee Ownership Trust ("the Trust")

The Trust is the company's ultimate parent undertaking, see the following note for further details.

On 7 September 2018 the company entered into a loan facility agreement ("LFA") with the Trust to assist in funding the acquisition of the entire issued share capital of Paye Stonework Investments Limited. Under the LFA the company granted to the Trust a loan facility.

During the year-ended 31 August 2021 gifts of £1,140,244 were made to the Trust.

The maximum available facility at 31 August 2021 was £3,994,341 of which up to £1,322,050 could be drawn down within the next twelve months.

At the date of approval of these financial statements the maximum available facility was £3,314,705 of which a maximum of £1,284,827 could be drawn down in the twelve months following the financial statements approval date.

To date the Trust has drawn down £Nil in respect of the LFA.

Goodwin Paye Partnership ("GPP")

A P W Paye and PP Newsam are directors of the company and partners of GPP. £90,000 (2020: £90,000) was charged during the year by GPP to the company for goods and services provided. At 31 August 2021 included within trade creditors were amounts owed by the company to GPP of £27,100 (2020: £27,100).

Paye Stonework and Historic Facades Limited ("PSHF")

A P W Paye and P P Newsam are directors of the company and directors and shareholders of PSHF. £Nil (2020: £492,694) was charged during the year by PSHF to the company for goods and services provided. At 31 August 2021 the company owed PSHF £Nil (2020: £114,833) and this amount is included within trade creditors.

D J Peachey ("DJP")

Interest-free loans of £27,900 were made during previous years to DJP, a director and a further loan of £12,700 was made during the year ended 31 August 2020. The loans are being repaid in instalments and during the year £5,500 (2020: £3,500) was repaid. At the year-end DJP owed the company £22,500 (2020: £28,000).

M J Kember ("MJK")

Interest free loans of £57,049 were made during the year ended 31 August 2020 to MJK, a director, and a further loan of £6,319 was made during the year ended 31 August 2021. No repayments were made during the year, accordingly at the year-end MJK owed the company £63,368.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 August 2021

17. Parent Undertakings and Controlling parties

Paye Stonework Holdings Limited ("PSHL") is the company's immediate parent undertaking.

Paye Stonework Investments Limited ("PSIL") is the immediate parent undertaking of PSHL.

PSIL prepares consolidated financial statements which are publicly available from Companies House whilst PSHL does not prepare consolidated financial statements.

Both PSHL and PSIL have the same registered offices and principal places of business as the company.

PSIL's immediate parent undertaking and the company's ultimate parent undertaking is Paye Employee Ownership Trust ("the Trust").

The Trust has no controlling party and does not prepare consolidated financial statements that are publicly available.