
DRYWALL SOLUTIONS UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

DRYWALL SOLUTIONS UK LIMITED

COMPANY INFORMATION

Directors	Mr E Meola Mr J Hesler
Registered number	05478154
Registered office	Park Mill Burydell Lane Park Street St. Albans AL2 2EZ
Independent auditor	Barnes Roffe LLP Chartered Accountants & Statutory Auditor Leytonstone House Leytonstone London E11 1GA

DRYWALL SOLUTIONS UK LIMITED

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**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2020**

Introduction

The Group's principal activities during the year continued to be construction related, including the screeding, drylining and system partitioning and the provision of tested and bespoke building envelope solutions.

Business review

The directors aim to present a balanced and comprehensive review of the development and performance of the business during the year and its position at the year end. The review is consistent with the size and non-complex nature of the business. The directors consider the key financial performance indicators to be turnover, gross margin and net assets. Turnover and gross margin provide a good measure of the performance of the Group, whilst net assets demonstrate the financial strength of the Group.

The directors are content with the results for the year, encouraged by the Group experiencing an increase in the level of turnover. During the year, turnover increased by 33.9% (2019 – decreased by 4.9%). The Group is still amidst a highly competitive market yet still maintained a strong gross profit margin of 20.1% (2019 – 23.4%) during the year with continuing strong results since the year end.

The financial position of the Group also continues to be strong. The Group had a healthy net assets position at the year-end in excess of £6.4m (2019 - in excess of £5.2m). Looking ahead, the Group's business environment is expected to remain challenging. However, the directors consider initiatives in place should provide a conducive platform to capitalise on current and future opportunities.

The COVID-19 pandemic had a minimal impact on the year under review, with the first lockdown starting one week before the year end. Post year end, the Group has been impacted in a variety of ways by the pandemic, as have many other businesses in the UK and worldwide, across all sectors. Since the year end the Group has made use of its internal resources and government support to continue to maintain and even grow its staff levels throughout the pandemic, which has helped set the group in a strong position to fulfil new upcoming contracts which were successfully tendered for since the year end. The Board are confident in its assessment of going concern, and have put measures in place to protect their staff and continue to operate as normal (within the government guidelines) in the period ahead.

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

Principal risks and uncertainties

The management of the business is subject to a number of risks. The key business risks and uncertainties are considered to relate to the current economic climate and competition from other construction companies in the industry. While the global economy remains in a time of uncertainty, consumer spending on projects have not held up since the year-end.

Financial risk management

The Group's operations expose it to a variety of financial risks that include price risk, credit risk, liquidity risk and interest rate risk. The Group has in place a risk management program that seeks to limit adverse effects on the financial performance of the Group.

Credit and liquidity risk

The Group has limited exposure to credit risk by virtue of its client base. The cash balance at the year-end was £46.9k (2019 - £1.125m), which is down on the prior year due to timing of debtor recoverability and payments to suppliers around the year end. The Group has continued to recover its debtors since the year end to provide the Group with adequate working capital. The directors recognise the importance of funding and liquidity under the current economic climate and will continue to monitor the Group's financial resources to ensure that the Group is able to support its activities and future growth.

Interest rate and cash flow risk

The Group has both interest bearing assets and interest bearing liabilities. Interest bearing assets include cash balances, which attract interest at the prevailing market rate. Interest bearing liabilities include bank loans and overdrafts which attract interest at fixed rates.

Post balance sheet events

Post year end, the coronavirus pandemic has been unprecedented in scale and impacted many businesses across different industries. The directors have taken swift and decisive action to protect customers, colleagues and the communities in which the company operates by implementing the necessary steps, in-line with UK Government guidelines, to safeguard the business through the crisis. The directors considers that the company has suitably robust plans and adequate financial resources to limit the impact that the coronavirus pandemic has had and uncertainties surrounding the economic recovery.

This report was approved by the board on 22 December 2020 and signed on its behalf.

Mr J Hesler
Director

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2020**

The directors present their report and the financial statements for the year ended 31 March 2020.

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 the Group and of the profit or loss of the Group for that period.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £3,649,264 (2019 - £3,797,562).

During the year, the directors declared dividends of £2,480,000 (2019 - £2,760,000).

Directors

The directors who served during the year were:

Mr E Meola
Mr J Hesler

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 and the Group'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 and the Group's auditor is aware of that information.

DRYWALL SOLUTIONS UK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

Auditor

The auditor, Barnes Roffe LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 22 December 2020 and signed on its behalf.

Mr J Hesler
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DRYWALL SOLUTIONS UK LIMITED

Opinion

We have audited the financial statements of Drywall Solutions UK Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2020, which comprise 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 2020 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DRYWALL SOLUTIONS UK LIMITED (CONTINUED)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 Directors' 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 Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 3, 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 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 directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DRYWALL SOLUTIONS UK 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.

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 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 for our audit work, for this report, or for the opinions we have formed.

Adam Dodds (Senior Statutory Auditor)

for and on behalf of

Barnes Roffe LLP

Chartered Accountants

Statutory Auditor

Leytonstone House

Leytonstone

London

E11 1GA

23 December 2020

DRYWALL SOLUTIONS UK LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 £	2019 £
Turnover	4	50,739,930	37,881,848
Cost of sales		(40,771,223)	(28,999,808)
Gross profit		9,968,707	8,882,040
Administrative expenses		(4,935,955)	(3,999,288)
Exceptional items	13	(353,742)	-
Operating profit	5	4,679,010	4,882,752
Interest receivable and similar income	9	-	1,097
Interest payable and similar charges	10	(45,868)	(1,938)
Profit before taxation		4,633,142	4,881,911
Tax on profit	11	(983,878)	(1,084,349)
Profit for the financial year		£ 3,649,264	£ 3,797,562
Profit for the year attributable to:			
Owners of the parent Company		£ 3,649,264	£ 3,797,562

There were no recognised gains and losses for 2020 or 2019 other than those included in the consolidated statement of comprehensive income.

There was no other comprehensive income for 2020 (2019:£NIL).

The notes on pages 16 to 32 form part of these financial statements.

DRYWALL SOLUTIONS UK LIMITED
REGISTERED NUMBER: 05478154

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	14	1,617,131	1,872,482
Tangible assets	15	264,547	55,249
		<u>1,881,678</u>	<u>1,927,731</u>
Current assets			
Debtors: amounts falling due within one year	17	14,327,738	9,264,695
Cash at bank and in hand	18	46,881	1,125,231
		<u>14,374,619</u>	<u>10,389,926</u>
Creditors: amounts falling due within one year	19	(9,711,650)	(7,086,719)
Net current assets		<u>4,662,969</u>	<u>3,303,207</u>
Total assets less current liabilities		<u>6,544,647</u>	<u>5,230,938</u>
Creditors: amounts falling due after more than one year	20	(144,445)	-
Net assets		<u>£ 6,400,202</u>	<u>£ 5,230,938</u>
Capital and reserves			
Called up share capital	22	100	100
Profit and loss account	23	6,400,102	5,230,838
Equity attributable to owners of the parent Company		<u>£ 6,400,202</u>	<u>£ 5,230,938</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 December 2020.

Mr J Hesler
Director

The notes on pages 16 to 32 form part of these financial statements.

DRYWALL SOLUTIONS UK LIMITED
REGISTERED NUMBER: 05478154

COMPANY BALANCE SHEET
AS AT 31 MARCH 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	15	61,658	47,557
Investments	16	3,000,000	3,000,000
		<u>3,061,658</u>	<u>3,047,557</u>
Current assets			
Debtors: amounts falling due within one year	17	8,258,661	7,057,462
Cash at bank and in hand	18	837	461,096
		<u>8,259,498</u>	<u>7,518,558</u>
Creditors: amounts falling due within one year	19	(4,078,283)	(4,741,042)
Net current assets		<u>4,181,215</u>	<u>2,777,516</u>
Total assets less current liabilities		<u>7,242,873</u>	<u>5,825,073</u>
Creditors: amounts falling due after more than one year	20	(9,053)	-
Net assets		<u>£ 7,233,820</u>	<u>£ 5,825,073</u>
Capital and reserves			
Called up share capital	22	100	100
Profit and loss account brought forward		5,824,973	4,581,052
Profit for the year		3,888,747	4,003,921
Dividends declared	12	(2,480,000)	(2,760,000)
		<u>7,233,720</u>	<u>5,824,973</u>
Profit and loss account carried forward		<u>£ 7,233,820</u>	<u>£ 5,825,073</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 December 2020.

Mr J Hesler
Director

The notes on pages 16 to 32 form part of these financial statements.

DRYWALL SOLUTIONS UK LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Called up share capital £	Profit and loss account £	Total equity £
At 1 April 2018 (as restated)	2	4,193,276	4,193,278
Comprehensive income for the year			
Profit for the year	-	3,797,562	3,797,562
Contributions by and distributions to owners			
Dividends: Equity capital	-	(2,760,000)	(2,760,000)
Shares issued during the year	£ 98	£ -	£ 98
At 1 April 2019	100	5,230,838	5,230,938
Comprehensive income for the year			
Profit for the year	-	3,649,264	3,649,264
Contributions by and distributions to owners			
Dividends: Equity capital	-	(2,480,000)	(2,480,000)
At 31 March 2020	<u>£ 100</u>	<u>£ 6,400,102</u>	<u>£ 6,400,202</u>

The notes on pages 16 to 32 form part of these financial statements.

DRYWALL SOLUTIONS UK LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Called up share capital £	Profit and loss account £	Total equity £
At 1 April 2018 (as restated)	2	4,581,052	4,581,054
Comprehensive income for the year			
Profit for the year	-	4,003,921	4,003,921
Contributions by and distributions to owners			
Dividends: Equity capital	-	(2,760,000)	(2,760,000)
Shares issued during the year	£ 98	£ -	£ 98
At 1 April 2019	100	5,824,973	5,825,073
Comprehensive income for the year			
Profit for the year	-	3,888,747	3,888,747
Contributions by and distributions to owners			
Dividends: Equity capital	-	(2,480,000)	(2,480,000)
At 31 March 2020	<u>£ 100</u>	<u>£ 7,233,720</u>	<u>£ 7,233,820</u>

The notes on pages 16 to 32 form part of these financial statements.

DRYWALL SOLUTIONS UK LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

	2020 £	2019 £
Cash flows from operating activities		
Profit for the financial year	3,649,264	3,797,562
Adjustments for:		
Amortisation of intangible assets	255,351	255,351
Depreciation of tangible assets	35,292	29,638
Loss on disposal of tangible assets	(7,751)	-
Interest paid	45,868	1,938
Interest received	-	(1,097)
Taxation charge	983,878	1,084,349
(Increase) in debtors	(5,063,043)	(1,841,859)
Increase in creditors	1,614,321	182,198
Corporation tax (paid)	(18,472)	(975,018)
Net cash generated from operating activities	1,494,708	2,533,062
Cash flows from investing activities		
Purchase of tangible fixed assets	(249,739)	(27,126)
Sale of tangible fixed assets	12,900	-
Net cash from investing activities	(236,839)	(27,126)

DRYWALL SOLUTIONS UK LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

	2020 £	2019 £
Cash flows from financing activities		
Issue of ordinary shares	-	98
Repayment of/new finance leases	189,649	(2,940)
Dividends paid	(2,480,000)	(2,760,000)
HP interest paid	-	(1,938)
Interest received	-	1,097
Bank overdraft interest	(1,097)	-
Other interest payable	(44,771)	-
Net cash used in financing activities	(2,336,219)	(2,763,683)
Net (decrease) in cash and cash equivalents	(1,078,350)	(257,747)
Cash and cash equivalents at beginning of year	1,125,231	1,382,978
Cash and cash equivalents at the end of year	£ 46,881	£ 1,125,231
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	£ 46,881	£ 1,125,231

The notes on pages 16 to 32 form part of these financial statements.

DRYWALL SOLUTIONS UK LIMITED

CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 MARCH 2020

	At 1 April 2019	Cash flows	New finance leases	At 31 March 2020
	£	£	£	£
Cash at bank and in hand	1,125,231	(1,078,350)	-	46,881
Finance leases	-	-	(189,649)	(189,649)
	<u>£ 1,125,231</u>	<u>£ (1,078,350)</u>	<u>£ (189,649)</u>	<u>£ (142,768)</u>

The notes on pages 16 to 32 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

1. General information

Drywall Solutions UK Limited ("the Company") and its subsidiary company (together "the Group") had the following principal activities during the year:

The principal activity of Drywall Solutions UK Limited continued to be construction related, including the screeding, drylining and system partitioning.

The principal activity of Jessella Limited continued to be of the provision of tested and bespoke building envelope solutions.

The Company is a private company limited by shares, incorporated in England and Wales. Its registered office is Park Mill, Burydell Lane, Park Street, St Albans, AL2 2EZ.

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 Group management to exercise judgment 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 Statement of comprehensive income 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 statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.3 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.

Construction contracts

Turnover for construction contracts is stated at cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. The stage of completion is measured by reference to cost incurred to date as a percentage of total construction cost for each contract.

The amount of profit attributable to the stage of completion of a long term contract is only recognised when the outcome of the contract can be foreseen with reasonable certainty. Where the contract outcome cannot be measured reliably, turnover is recognised only to the extent of the costs recognised that are recoverable. Provisions are made for any losses as soon as they are foreseen.

2.4 Operating leases: the Group as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 April 2018 to continue to be charged over the period to the first market rent review rather than the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.5 Leased assets: the Group as lessee

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.

2.6 Interest income

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

2.7 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.

2.8 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.9 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 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.

2.10 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

2.11 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of comprehensive income over its useful economic life.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following annual bases:

Motor vehicles	-	25%
Fixtures and fittings	-	20%

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.

2.14 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.

2.15 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.

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.

2.16 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.17 Financial instruments

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

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

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

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

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

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.18 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

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

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgments and estimates have had the most significant effect on amounts recognised in the financial statements:

Amounts recoverable on contracts

Included within Debtors are amounts in relation to 'Amounts recoverable on contracts'. This debtor represents amounts deemed recoverable by the group on contracts in respect of development sites, as determined by in-house surveyors.

These applications are subsequently approved by 3rd party certifications, whilst associated costs are matched during each respective period. However, there can be minor differences between the estimated applications made (as accrued into the accounts) and the amounts subsequently certified.

4. **Turnover**

The whole of the turnover is attributable to construction related activities.

All turnover arose within the United Kingdom.

5. **Operating profit**

The operating profit is stated after charging:

	2020 £	2019 £
Exceptional items	353,742	-
Amortisation of intangible assets	255,351	255,351
Depreciation of tangible fixed assets	35,292	29,638
Profit on disposal of tangible fixed assets	(7,751)	-
Exchange differences	2,215	-
Other operating lease rentals	112,770	96,000
Defined pension contribution cost	<u>£ 68,581</u>	<u>£ 45,911</u>

DRYWALL SOLUTIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

6. Auditor's remuneration

	2020 £	2019 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	£ <u>18,000</u>	£ <u>18,000</u>
Fees payable to the Group's auditor and its associates in respect of:		
Taxation compliance services	7,500	7,500
All other services	£ <u>54,850</u>	£ <u>6,000</u>

7. Employees

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

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Wages and salaries	2,373,462	1,679,927	964,882	741,423
Social security costs	252,724	181,048	98,550	80,325
Cost of defined contribution scheme	68,581	45,911	41,384	36,044
	£ <u>2,694,767</u>	£ <u>1,906,886</u>	£ <u>1,104,816</u>	£ <u>857,792</u>

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

	Group 2020 No.	Group 2019 No.	Company 2020 No.	Company 2019 No.
	<u>47</u>	<u>38</u>	<u>21</u>	<u>18</u>
Administration				

8. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	£ <u>8,628</u>	£ <u>8,040</u>

DRYWALL SOLUTIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

9. Interest receivable and similar income

	2020 £	2019 £
Other interest receivable	£ -	£ 1,097

10. Interest payable and similar charges

	2020 £	2019 £
Bank interest payable	1,097	844
Hire purchase interest	-	1,094
Other interest payable	44,771	-
	<u>£ 45,868</u>	<u>£ 1,938</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

11. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	983,878	1,084,349
Total current tax	£ 983,878	£ 1,084,349

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	£ 4,633,142	£ 4,881,911
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	880,297	927,563
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	48,517	48,517
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	96,160	11,580
Capital allowances for year in excess of depreciation	(41,096)	3,463
Adjustments in respect of the prior years	-	93,226
Total tax charge for the year	£ 983,878	£ 1,084,349

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

12. Dividends

	2020 £	2019 £
Dividends	£ 2,480,000	£ 2,760,000

DRYWALL SOLUTIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

13. Exceptional items

	2020 £	2019 £
Amounts due from connected companies written off	£ <u>353,742</u>	£ <u>-</u>

14. Intangible assets

Group

	Goodwill £
Cost	
At 1 April 2019	2,553,418
At 31 March 2020	<u>2,553,418</u>
Amortisation	
At 1 April 2019	680,936
Charge for the year on owned assets	255,351
At 31 March 2020	<u>936,287</u>
Net book value	
At 31 March 2020	£ <u>1,617,131</u>
<i>At 31 March 2019</i>	£ <u>1,872,482</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

15. Tangible fixed assets

Group

	Motor vehicles	Fixtures and fittings	Total
	£	£	£
Cost			
At 1 April 2019	134,094	112,517	246,611
Additions	204,755	44,984	249,739
Disposals	(27,470)	-	(27,470)
At 31 March 2020	311,379	157,501	468,880
Depreciation			
At 1 April 2019	106,090	85,272	191,362
Charge for the year on owned assets	6,250	13,480	19,730
Charge for the year on financed assets	15,562	-	15,562
Disposals	(22,321)	-	(22,321)
At 31 March 2020	105,581	98,752	204,333
Net book value			
At 31 March 2020	£ 205,798	£ 58,749	£ 264,547
At 31 March 2019	£ 28,004	£ 27,245	£ 55,249

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

	2020	2019
	£	£
Motor vehicles	£ 191,736	£ -

DRYWALL SOLUTIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

15. Tangible fixed assets (continued)

Company

	Motor vehicles	Fixtures and fittings	Total
	£	£	£
Cost			
At 1 April 2019	65,929	101,310	167,239
Additions	19,704	14,906	34,610
	<u>85,633</u>	<u>116,216</u>	<u>201,849</u>
At 31 March 2020			
Depreciation			
At 1 April 2019	45,617	74,065	119,682
Charge for the year on owned assets	6,250	9,333	15,583
Charge for the year on financed assets	4,926	-	4,926
	<u>56,793</u>	<u>83,398</u>	<u>140,191</u>
At 31 March 2020			
Net book value			
At 31 March 2020	£ <u>28,840</u>	£ <u>32,818</u>	£ <u>61,658</u>
At 31 March 2019	£ <u>20,312</u>	£ <u>27,245</u>	£ <u>47,557</u>

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

	2020	2019
	£	£
Motor vehicles	£ <u>14,778</u>	£ <u>-</u>

DRYWALL SOLUTIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

16. Fixed asset investments

Company

	Investment in subsidiaries £
Cost	
At 1 April 2019	3,000,000
At 31 March 2020	3,000,000
Net book value	
At 31 March 2020	£ 3,000,000
At 31 March 2019	£ 3,000,000

Subsidiary undertakings

The Company's only subsidiary undertaking is Jessella Limited and its registered office is in England and Wales. The Company owns a 95% holding in its subsidiary undertaking.

17. Debtors

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade debtors	8,577,756	6,763,523	3,070,086	4,561,445
Amounts owed by group undertakings	-	-	2,915,228	1,760,607
Other debtors	576,394	2,467,972	365,311	717,210
Prepayments and accrued income	139,989	33,200	59,921	18,200
Amounts recoverable on long term contracts	5,033,599	-	1,848,115	-
	<u>£ 14,327,738</u>	<u>£ 9,264,695</u>	<u>£ 8,258,661</u>	<u>£ 7,057,462</u>

18. Cash and cash equivalents

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Cash at bank and in hand	<u>£ 46,881</u>	<u>£ 1,125,231</u>	<u>£ 837</u>	<u>£ 461,096</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

19. Creditors: Amounts falling due within one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade creditors	4,956,203	4,802,441	1,470,260	3,169,932
Corporation tax	2,097,744	1,087,567	797,281	539,909
Other taxation and social security	500,623	231,553	297,432	165,797
Obligations under finance lease and hire purchase contracts	45,204	-	7,596	-
Other creditors	1,039,453	920,308	670,290	847,454
Accruals and deferred income	1,072,423	44,850	835,424	17,950
	<u>£ 9,711,650</u>	<u>£ 7,086,719</u>	<u>£ 4,078,283</u>	<u>£ 4,741,042</u>

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

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Net obligations under finance leases and hire purchase contracts	<u>£ 144,445</u>	<u>£ -</u>	<u>£ 9,053</u>	<u>£ -</u>

Secured creditors

Obligations under hire purchase contracts of £189,649 (2019 - £Nil) are secured on the assets to which they relate.

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Within one year	45,204	-	7,596	-
Between 1-5 years	144,445	-	9,053	-
	<u>£ 189,649</u>	<u>£ -</u>	<u>£ 16,649</u>	<u>£ -</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

22. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
24 (2019 - 24) Ordinary A shares of £1.00 each	24	24
26 (2019 - 26) Ordinary B shares of £1.00 each	26	26
24 (2019 - 24) Ordinary C shares of £1.00 each	24	24
26 (2019 - 26) Ordinary D shares of £1.00 each	26	26
	<u>£ 100</u>	<u>£ 100</u>

All shares rank pari-passu in all respects.

23. Reserves

Profit and loss account

The profit and loss account represents cumulative distributable profits and losses net of dividends and other adjustments.

24. Contingent liabilities

The Group is involved in legal disputes from time to time. The directors make provisions in the accounts to the extent that the potential liabilities are probable, can easily be quantified, and an economic outflow is expected, in accordance with FRS102 section 21.

25. Pension commitments

The Group has a Group Personal Pension Scheme for staff. The assets of this defined contribution scheme are held separately from the Group, being invested with an insurance company. The pension costs represents contributions payable for the year of £68,581 (2019 - £45,911). Contributions totalling £10,061 (2019 - £Nil) were outstanding at the balance sheet date.

DRYWALL SOLUTIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

26. Commitments under operating leases

At 31 March 2020 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2020 £	<i>Group 2019 £</i>	Company 2020 £	<i>Company 2019 £</i>
Not later than 1 year	37,283	37,283	37,283	37,283
Later than 1 year and not later than 5 years	30,531	67,814	30,531	67,814
Later than 5 years	-	-	-	-
	<u>£ 67,814</u>	<u>£ 105,097</u>	<u>£ 67,814</u>	<u>£ 105,097</u>

27. Related party transactions

At the end of the year, connected entities owed the Group £182,302 (2019 - £1,398,697).

At the end of the year, the Group owed connected entities £572,591 (2019 - £279,672).

During the year, the Group had transactions with connected parties, by virtue of directors in common, with total charges of £1,214,000 (2019 - £614,000). All transactions were undertaken at market value.

28. Controlling party

The Group regards E Meola and J Hesler to be the controlling parties.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.