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Company Registration No. 05957569 (England and Wales)

**AKAAL GROUP PLC**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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# AKAAL GROUP PLC

## COMPANY INFORMATION

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<b>Directors</b>	Mr R S Manak Mrs H K Manak
<b>Secretary</b>	Ms T Barrett
<b>Company number</b>	05957569
<b>Registered office</b>	Stanmore House Gyproc Business Park Church Manorway Erith Kent DA8 1DE
<b>Auditor</b>	Perrys Accountants Limited Chartered Accountants 3 Roberts Mews Orpington Kent BR6 0JP

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# AKAAL GROUP PLC

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# AKAAL GROUP PLC

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 MARCH 2017

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The directors present the strategic report for the year ended 31 March 2017.

#### **Fair review of the business**

The group has had another successful year increasing turnover by 14% and pre tax profits by 35%. The group continues to provide full external facade packages including cladding, windows, structural and architectural metalworks and internal plastering drylining works.

The growth has been achieved by being able to, not only, provide a full suite of packages but to be able to continue to deliver a good quality service earning the group a great reputation within the market.

The group continues to inspire development and leadership in its sector by providing internal management training programs and, continually, strives to improve its financial system to mitigate all wasted costs.

We would like to thank all our clients, employees and suppliers for their continued support.

#### **Principal risks and uncertainties**

There has been much reporting in the media of a slowing in the new housing sector, however, because of the Government's commitment to building more affordable homes, this puts the group in a good position.

There is, however, a shortage of skilled labour in the marketplace as a whole which in part seems to be being caused by uncertainty around labour movement following the 'Brexit' vote and weakening of sterling and there is concern, therefore, that labour costs may rise which could negatively affect the margins.

#### **Exposure to liquidity, credit, cash flow and interest rate risk.**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Group policies are aimed at minimising such losses, and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. Details of the group's debtors including retentions are shown in Note 18 to the financial statements. The group's clients are well recognised 'Blue Chip' companies and the debtors are well spread over these clients.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The group aims to mitigate liquidity risk by managing cash generation by its operations, and by applying rigorous procedures for settling final accounts and collecting debtors as they fall due, including retentions.

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability, such as future interest payments on a variable rate debt. The group manages this risk by ensuring that there are sufficient ongoing cash reserves to meet obligations.

#### **Key performance indicators**

	2017	2016	2015
<b>Sales revenue</b>	£123.3 million	£108.0 million	£117.3 million
<b>Gross profit</b>	£36.0 million	£28.1 million	£24.8 million
<b>Gross profit margin</b>	29.19%	26.00%	21.11%
<b>Net profit before tax</b>	£22.2 million	£16.5 million	£13.4 million

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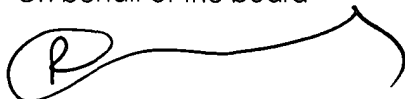
# AKAAL GROUP PLC

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

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On behalf of the board

A handwritten signature in black ink, consisting of a stylized 'P' followed by a long, sweeping horizontal line that ends in a small upward curve.

Mr R S Manak

**Director**

25 September 2017

# **AKAAL GROUP PLC**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 MARCH 2017**

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The directors present their annual report and financial statements for the year ended 31 March 2017.

#### **Principal activities**

The principal activity of the company and group continued to be that of providing full facade and drylining packages principally for the housing sector, together with property investment.

#### **Directors**

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

Mr R S Manak

Mrs H K Manak

#### **Results and dividends**

The results for the year are set out on page 5.

Ordinary dividends were paid amounting to £1,359,625. The directors do not recommend payment of a further dividend.

#### **Disabled persons**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

#### **Employee involvement**

The group's policy is to consult and discuss with employees, through staff meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

#### **Future developments**

As the group continues to provide full external facade packages along with more traditional plastering and drylining operations to widen its client base, it is expected that turnover will be maintained at similar levels.

The group will continue to invest in property when the right opportunities arise.

The group is looking to open an offsite manufacturing facility in the current year. It is anticipated that this will help the group to control quality, reduce waste, improve safety and cut risks.

#### **Auditor**

In accordance with the company's articles, a resolution proposing that Perrys Accountants Limited be reappointed as auditor of the group will be put at a General Meeting.

# AKAAL GROUP PLC

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2017

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#### Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

#### Statement of disclosure to auditor

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

On behalf of the board



Mr R S Manak

**Director**

25 September 2017

# AKAAL GROUP PLC

## GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £	2016 £
<b>Turnover</b>	<b>3</b>	123,312,315	108,020,284
Cost of sales		(87,323,005)	(79,939,127)
<b>Gross profit</b>		35,989,310	28,081,157
Administrative expenses		(14,012,075)	(11,703,620)
Other operating income		324,868	216,500
<b>Operating profit</b>	<b>4</b>	22,302,103	16,594,037
Interest receivable and similar income	<b>8</b>	35,583	36,013
Interest payable and similar expenses	<b>9</b>	(147,890)	(170,237)
Amounts written off investments		-	2,961
<b>Profit before taxation</b>		22,189,796	16,462,774
Taxation	<b>10</b>	(4,482,035)	(3,343,866)
<b>Profit for the financial year</b>		17,707,761	13,118,908

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

The profit and loss account has been prepared on the basis that all operations are continuing operations.



# AKAAL GROUP PLC

## GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

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	2017 £	2016 £
Profit for the year	17,707,761	13,118,908
Other comprehensive income	-	-
Total comprehensive income for the year	<u>17,707,761</u>	<u>13,118,908</u>

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

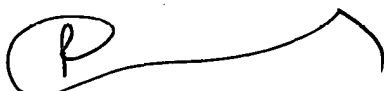
# AKAAL GROUP PLC (REGISTERED NUMBER: 05957569)

## GROUP BALANCE SHEET

AS AT 31 MARCH 2017

	Notes	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Tangible assets	12	8,001,185		7,663,537	
Investment properties	13	9,074,766		3,926,811	
		<u>17,075,951</u>		<u>11,590,348</u>	
<b>Current assets</b>					
Stocks	17	2,098,937		1,866,007	
Debtors	18	38,980,115		27,731,850	
Cash at bank and in hand		25,914,137		24,815,020	
		<u>66,993,189</u>		<u>54,412,877</u>	
<b>Creditors: amounts falling due within one year</b>	19	<u>(19,417,991)</u>		<u>(19,922,621)</u>	
<b>Net current assets</b>		<u>47,575,198</u>		<u>34,490,256</u>	
<b>Total assets less current liabilities</b>		<u>64,651,149</u>		<u>46,080,604</u>	
<b>Creditors: amounts falling due after more than one year</b>	20	(5,752,957)		(3,554,534)	
<b>Provisions for liabilities</b>	23	(143,813)		(119,827)	
<b>Net assets</b>		<u>58,754,379</u>		<u>42,406,243</u>	
<b>Capital and reserves</b>					
Called up share capital	26	61,601		61,601	
Other reserves		3,258,005		3,258,005	
Profit and loss reserves		55,434,773		39,086,637	
<b>Total equity</b>		<u>58,754,379</u>		<u>42,406,243</u>	

The financial statements were approved by the board of directors and authorised for issue on 25 September 2017 and are signed on its behalf by:



Mr R S Manak  
Director

# AKAAL GROUP PLC (REGISTERED NUMBER: 05957569)

## COMPANY BALANCE SHEET

AS AT 31 MARCH 2017

	Notes	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Tangible assets	12	5,001,397		5,093,674	
Investment properties	13	9,074,766		3,926,811	
Investments	14	2,500,449		2,500,447	
		<u>16,576,612</u>		<u>11,520,932</u>	
<b>Current assets</b>					
Debtors	18	1,628,826		347,398	
Cash at bank and in hand		25,841,679		16,259,783	
		<u>27,470,505</u>		<u>16,607,181</u>	
<b>Creditors: amounts falling due within one year</b>	19	(915,116)		(3,417,066)	
<b>Net current assets</b>		<u>26,555,389</u>		<u>13,190,115</u>	
<b>Total assets less current liabilities</b>		<u>43,132,001</u>		<u>24,711,047</u>	
<b>Creditors: amounts falling due after more than one year</b>	20	(5,268,543)		(2,860,222)	
<b>Provisions for liabilities</b>	23	(2,545)		(2,117)	
<b>Net assets</b>		<u>37,860,913</u>		<u>21,848,708</u>	
<b>Capital and reserves</b>					
Called up share capital	26	61,601		61,601	
Profit and loss reserves		37,799,312		21,787,107	
<b>Total equity</b>		<u>37,860,913</u>		<u>21,848,708</u>	

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £17,371,830 (2016 - £17,209,877 profit).

The financial statements were approved by the board of directors and authorised for issue on 25 September 2017 and are signed on its behalf by:



Mr R S Manak  
Director

# AKAAL GROUP PLC

## GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Share capital £	Other reserves £	Profit and loss reserves £	Total £
<b>Balance at 1 April 2015</b>		61,601	3,258,005	28,161,518	31,481,124
<b>Year ended 31 March 2016:</b>					
Profit and total comprehensive income for the year		-	-	13,118,908	13,118,908
Dividends	11	-	-	(2,193,789)	(2,193,789)
<b>Balance at 31 March 2016</b>		61,601	3,258,005	39,086,637	42,406,243
<b>Year ended 31 March 2017:</b>					
Profit and total comprehensive income for the year		-	-	17,707,761	17,707,761
Dividends	11	-	-	(1,359,625)	(1,359,625)
<b>Balance at 31 March 2017</b>		61,601	3,258,005	55,434,773	58,754,379

# AKAAL GROUP PLC

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 April 2015</b>		61,601	6,771,019	6,832,620
<b>Year ended 31 March 2016:</b>				
Profit and total comprehensive income for the year		-	17,209,877	17,209,877
Dividends	11	-	(2,193,789)	(2,193,789)
<b>Balance at 31 March 2016</b>		61,601	21,787,107	21,848,708
<b>Year ended 31 March 2017:</b>				
Profit and total comprehensive income for the year		-	17,371,830	17,371,830
Dividends	11	-	(1,359,625)	(1,359,625)
<b>Balance at 31 March 2017</b>		61,601	37,799,312	37,860,913

# AKAAL GROUP PLC

## GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £	£	2016 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	30	10,554,356		19,075,481	
Interest paid		(147,890)		(170,237)	
Income taxes paid		(4,392,903)		(2,706,007)	
<b>Net cash inflow from operating activities</b>		<b>6,013,563</b>		<b>16,199,237</b>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(1,425,410)		(2,232,693)	
Proceeds on disposal of tangible fixed assets		206,328		1,829,139	
Purchase of investment property		(5,147,955)		(388,116)	
Interest received		35,583		36,013	
<b>Net cash used in investing activities</b>		<b>(6,331,454)</b>		<b>(755,657)</b>	
<b>Financing activities</b>					
Repayment of bank loans		2,615,843		317,897	
Payment of finance leases obligations		(195,266)		173,582	
Dividends paid to equity shareholders		(1,359,625)		(2,193,789)	
<b>Net cash generated from/(used in) financing activities</b>		<b>1,060,952</b>		<b>(1,702,310)</b>	
<b>Net increase in cash and cash equivalents</b>		<b>743,061</b>		<b>13,741,270</b>	
Cash and cash equivalents at beginning of year		24,815,020		11,073,750	
<b>Cash and cash equivalents at end of year</b>		<b>25,558,081</b>		<b>24,815,020</b>	
<b>Relating to:</b>					
Cash at bank and in hand		25,914,137		24,815,020	
Bank overdrafts included in creditors payable within one year		(356,056)		-	

# AKAAL GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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### 1 Accounting policies

#### Company information

Akaal Group Plc ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Stanmore House, Gyproc Business Park, Church Manorway, Erith, Kent, DA8 1DE.

The group consists of Akaal Group Plc and all of its subsidiaries.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

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

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

#### 1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

# AKAAL GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2017

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#### 1 Accounting policies

(Continued)

The consolidated financial statements incorporate those of Akaal Group Plc and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 March 2017. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

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

Stanmore Unitised Facades Limited and Stanmore Modular Limited have been included in the group financial statements using the purchase method of accounting. Accordingly, the group profit and loss account and statement of cash flows include the results and cash flows of both company's for the 7 month period from their incorporation on 23 August 2016. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

#### 1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts and settlement discounts.

#### 1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

Freehold buildings	2% on cost
Plant and equipment	25% on reducing balance
Fixtures and fittings	25% on reducing balance
Computers	33% on reducing balance
Motor vehicles	25% on reducing balance



# AKAAL GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

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### 1 Accounting policies

(Continued)

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

Freehold land is not depreciated. The freehold land is included in the accounts at cost.

#### 1.6 Investment properties

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

#### 1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

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

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

#### 1.8 Impairment of fixed assets

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

#### 1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell, after making due allowance for obsolete and slow moving items. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

#### 1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# AKAAL GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

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### 1 Accounting policies

(Continued)

#### 1.11 Financial instruments

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

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

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

##### **Basic financial assets**

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

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

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

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

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

#### 1.12 Taxation

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

##### **Current tax**

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

# AKAAL GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2017

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#### 1 Accounting policies

(Continued)

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

##### **1.13 Employee benefits**

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

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

##### **1.14 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

##### **1.15 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

# AKAAL GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 2 Judgements and key sources of estimation uncertainty

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

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

### 3 Turnover and other revenue

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

	2017 £	2016 £
<b>Turnover</b>		
Turnover	123,312,315	108,020,284
	<u>                    </u>	<u>                    </u>
<b>Other significant revenue</b>		
Interest income	35,583	36,013
Rental income arising from investment properties	324,868	216,500
	<u>                    </u>	<u>                    </u>

### 4 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	384,798	346,804
Depreciation of tangible fixed assets held under finance leases	416,150	407,363
Loss/(profit) on disposal of tangible fixed assets	80,486	(663,754)
Operating lease charges	141,476	156,595
	<u>                    </u>	<u>                    </u>

# AKAAL GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 5 Auditor's remuneration

	2017 £	2016 £
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	5,255	5,100
Audit of the financial statements of the company's subsidiaries	43,110	41,630
	<u>48,365</u>	<u>46,730</u>
<b>For other services</b>		
All other non-audit services	<u>38,128</u>	<u>29,369</u>

### 6 Employees

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

	Group 2017 Number	2016 Number	Company 2017 Number	2016 Number
Management and administration	174	175	1	1
Production	77	75	-	-
	<u>251</u>	<u>250</u>	<u>1</u>	<u>1</u>

Their aggregate remuneration comprised:

	Group 2017 £	2016 £	Company 2017 £	2016 £
Wages and salaries	10,157,913	9,173,386	123,900	162,640
Social security costs	1,209,239	968,678	16,590	22,431
Pension costs	280,478	269,216	9,180	46,885
	<u>11,647,630</u>	<u>10,411,280</u>	<u>149,670</u>	<u>231,956</u>

# AKAAL GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 7 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	123,900	162,640
Company pension contributions to defined contribution schemes	9,180	46,885
	<u>133,080</u>	<u>209,525</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2016 - 1).

### 8 Interest receivable and similar income

	2017 £	2016 £
<b>Interest income</b>		
Interest on bank deposits	22,268	36,013
Other interest income	13,315	-
	<u>35,583</u>	<u>36,013</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>35,583</u>	<u>36,013</u>
--	---------------	---------------

### 9 Interest payable and similar expenses

	2017 £	2016 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	71,831	83,039
<b>Other finance costs:</b>		
Other interest	76,059	87,198
	<u>147,890</u>	<u>170,237</u>

### 10 Taxation

	2017 £	2016 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	4,468,829	3,337,176
Adjustments in respect of prior periods	(10,779)	678
	<u>4,458,050</u>	<u>3,337,854</u>

# AKAAL GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 10 Taxation

(Continued)

#### Deferred tax

Origination and reversal of timing differences	23,985	6,012
--	--------	-------

Total tax charge	4,482,035	3,343,866
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The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2017 £	2016 £
Profit before taxation	22,189,796	16,462,774
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2016: 20.00%)	4,437,959	3,292,555
Tax effect of expenses that are not deductible in determining taxable profit	67,364	49,506
Under/(over) provided in prior years	(10,779)	678
Deferred tax adjustments in respect of prior years	23,986	6,012
Depreciation in excess of capital allowances	(52,592)	(2,165)
Loss on disposal of assets	16,097	(2,128)
	-	(592)
Taxation charge for the year	4,482,035	3,343,866

### 11 Dividends

	2017 £	2016 £
Interim paid	1,359,625	2,193,789

## AKAAL GROUP PLC

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

#### 12 Tangible fixed assets

Group	Freehold buildings £	Plant and equipment £	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
<b>Cost</b>						
At 1 April 2016	5,237,043	253,398	444,989	686,150	3,417,957	10,039,537
Additions	20,887	72,200	66,487	166,991	1,098,844	1,425,409
Disposals	-	-	(191)	-	(639,517)	(639,708)
At 31 March 2017	5,257,930	325,598	511,285	853,141	3,877,284	10,825,238
<b>Depreciation and impairment</b>						
At 1 April 2016	191,988	94,548	270,569	453,948	1,364,946	2,375,999
Depreciation charged in the year	73,042	31,969	35,354	129,770	530,813	800,948
Eliminated in respect of disposals	-	-	(31)	-	(352,863)	(352,894)
At 31 March 2017	265,030	126,517	305,892	583,718	1,542,896	2,824,053
<b>Carrying amount</b>						
At 31 March 2017	4,992,900	199,081	205,393	269,423	2,334,388	8,001,185
At 31 March 2016	5,045,055	158,850	174,419	232,202	2,053,011	7,663,537



# AKAAL GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

Company	Freehold buildings £	Plant and equipment £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 April 2016	5,213,167	100,000	38,750	5,351,917
Disposals	-	-	(14,330)	(14,330)
At 31 March 2017	5,213,167	100,000	24,420	5,337,587
<b>Depreciation and impairment</b>				
At 1 April 2016	189,360	49,375	19,508	258,243
Depreciation charged in the year	69,472	12,656	3,032	85,160
Eliminated in respect of disposals	-	-	(7,213)	(7,213)
At 31 March 2017	258,832	62,031	15,327	336,190
<b>Carrying amount</b>				
At 31 March 2017	4,954,335	37,969	9,093	5,001,397
At 31 March 2016	5,023,807	50,625	19,242	5,093,674

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2017 £	2016 £	Company 2017 £	2016 £
Plant and equipment	9,635	8,227	-	-
Motor vehicles	783,241	1,405,047	-	-
	792,876	1,413,274	-	-
Depreciation charge for the year in respect of leased assets	416,150	407,363	-	-

### 13 Investment property

	Group 2017 £	Company 2017 £
<b>Fair value</b>		
At 1 April 2016	3,926,811	3,926,811
Additions through external acquisition	5,147,955	5,147,955
At 31 March 2017	9,074,766	9,074,766

# AKAAL GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2017

#### 13 Investment property

(Continued)

The investment properties above are stated at fair value in the opinion of the directors. External acquisitions in the year were purchased at fair value and, in the opinion of the directors, this represents the fair value at the year end. Other investment properties held have been included at fair value by the directors on the basis of the open market value by reference to market evidence of transaction prices for similar properties.

#### 14 Fixed asset investments

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Investments in subsidiaries	15	-	-	2,500,449	2,500,447

#### Movements in fixed asset investments

##### Company

##### Shares in group undertakings

	£
<b>Cost or valuation</b>	
At 1 April 2016	2,500,447
Additions	2
At 31 March 2017	2,500,449
<b>Carrying amount</b>	
At 31 March 2017	2,500,449
At 31 March 2016	2,500,447

# AKAAL GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 15 Subsidiaries

Details of the company's subsidiaries at 31 March 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Stanmore Contractors Limited	Stanmore House, Gyproc Business Park, Church Manorway, Erith, Kent, DA8 1DE	Drylining and facade packages	Ordinary B		100.00
Manak Homes Limited	Stanmore House, Gyproc Business Park, Church Manorway, Erith, Kent, DA8 1DE	Property development	Ordinary		100.00
Stanmore Unitised Facades Limited	3 Roberts Mews, Orpington, Kent, BR6 0JP	Unitised facades contractors	Ordinary		100.00
Stanmore Contractors Limited	Stanmore House, Gyproc Business Park, Church Manorway, Erith, Kent, DA8 1DE	Drylining and facade packages	Ordinary A		100.00
Stanmore Steel Limited	3 Roberts Mews, Orpington, Kent, BR6 0JP	Steel fabrication	Ordinary		100.00
Stanmore Modular Limited	3 Roberts Mews, Orpington, Kent, BR6 0JP	Offsite construction	Ordinary		100.00

The three trading subsidiaries Stanmore Contractors Limited, Stanmore Steel Limited and Stanmore Unitised Facades Limited are included within these consolidated financial statements.

# AKAAL GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

### 16 Financial instruments

	Group 2017 £	2016 £	Company 2017 £	2016 £
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	38,643,376	27,452,683	1,617,610	342,358
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	21,869,893	20,443,750	6,058,101	6,099,921

### 17 Stocks

	Group 2017 £	2016 £	Company 2017 £	2016 £
Raw materials and consumables	2,098,937	1,866,007	-	-

### 18 Debtors

	Group 2017 £	2016 £	Company 2017 £	2016 £
<b>Amounts falling due within one year:</b>				
Trade debtors	34,627,977	25,557,364	10,990	13,358
Other debtors	4,015,399	1,895,319	1,606,620	329,000
Prepayments and accrued income	336,739	279,167	11,216	5,040
	38,980,115	27,731,850	1,628,826	347,398

# AKAAL GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 19 Creditors: amounts falling due within one year

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans and overdrafts	21	911,841	348,263	555,785	348,263
Obligations under finance leases	22	588,752	574,120	-	-
Trade creditors		13,704,323	12,912,047	1,092	5
Amounts due to group undertakings		-	114	26,897	2,851,203
Corporation tax payable		1,988,322	1,923,176	78,384	166,827
Other taxation and social security		1,276,358	1,110,229	10,799	10,540
Deferred income	24	36,375	-	36,375	-
Other creditors		262,903	81,529	197,867	35,128
Accruals and deferred income		649,117	2,973,143	7,917	5,100
		<u>19,417,991</u>	<u>19,922,621</u>	<u>915,116</u>	<u>3,417,066</u>

### 20 Creditors: amounts falling due after more than one year

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans and overdrafts	21	5,268,543	2,860,222	5,268,543	2,860,222
Obligations under finance leases	22	484,414	694,312	-	-
		<u>5,752,957</u>	<u>3,554,534</u>	<u>5,268,543</u>	<u>2,860,222</u>

### 21 Loans and overdrafts

	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans	5,824,328	3,208,485	5,824,328	3,208,485
Bank overdrafts	356,056	-	-	-
	<u>6,180,384</u>	<u>3,208,485</u>	<u>5,824,328</u>	<u>3,208,485</u>
Payable within one year	911,841	348,263	555,785	348,263
Payable after one year	5,268,543	2,860,222	5,268,543	2,860,222

# AKAAL GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 21 Loans and overdrafts

(Continued)

The group's overdraft facility is secured by fixed and floating charges over the group's assets present and future. The groups overdraft position at 31 March 2017 totalled £356,056.

The group has entered into a cross guarantee arrangement with its bankers in relation to Stanmore Contractors Limited, Akaal Group PLC and Stanmore Steel Limited.

At 31 March 2017, loans in all group companies, subject to guarantee by the group, amounted to £5,824,328 (2016 - £3,208,485). These loans are also secured by way of legal mortgages over the group's freehold and investment properties.

Hire purchase liabilities totalling £1,073,166 (2016 - £1,268,432) are secured on the assets purchased under the hire purchase agreements.

Interest rates on these loans is variable based on the risk profile of the borrowing at the time and any other factors as appropriate.

An analysis of the maturity of loans is given below:

	2017	2016
Due within one year or on demand	£555,785	£348,263
Due 1-2 years	£504,492	£348,353
Due 2-5 years	£1,343,668	£797,641
Due over 5 years	£3,420,383	£1,714,227

### 22 Finance lease obligations

	Group 2017 £	2016 £	Company 2017 £	2016 £
Future minimum lease payments due under finance leases:				
Within one year	588,752	574,120	-	-
In two to five years	484,414	694,312	-	-
	<u>1,073,166</u>	<u>1,268,432</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

# AKAAL GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2017

#### 23 Deferred taxation

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

	Liabilities 2017 £	Liabilities 2016 £
<b>Group</b>		
Accelerated capital allowances	143,813	119,827
	<u>143,813</u>	<u>119,827</u>
	Liabilities 2017 £	Liabilities 2016 £
<b>Company</b>		
Accelerated capital allowances	2,545	2,117
	<u>2,545</u>	<u>2,117</u>
	Group 2017 £	Company 2017 £
<b>Movements in the year:</b>		
Liability at 1 April 2016	119,827	2,117
Charge to profit or loss	23,986	428
	<u>143,813</u>	<u>2,545</u>
Liability at 31 March 2017	<u>143,813</u>	<u>2,545</u>

#### 24 Deferred income

	Group 2017 £	2016 £	Company 2017 £	2016 £
Other deferred income	36,375	-	36,375	-
	<u>36,375</u>	<u>-</u>	<u>36,375</u>	<u>-</u>

#### 25 Retirement benefit schemes

	2017 £	2016 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	280,478	269,216
	<u>280,478</u>	<u>269,216</u>

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

# AKAAL GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 26 Share capital

	Group and company	
	2017	2016
	£	£
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
1 Ordinary Shares of £1 each	1	1
61,100 Ordinary A Shares of £1 each	61,100	61,100
500 Ordinary B Shares of £1 each	500	500
	<u>61,601</u>	<u>61,601</u>

### 27 Related party transactions

As at the balance sheet date the company was owed £743,770 from Manak Lawyers Limited, a company controlled by a close family member.

### 28 Directors' transactions

Dividends totalling £1,359,625 (2016 - £2,193,789) were paid in the year in respect of shares held by the company's directors.

At the 31 March 2017, the director R S Manak was owed £144,605 (2016 - £35,128) by the group. These amounts are disclosed in other creditors.

### 29 Controlling party

R S Manak, a director, controls the company by virtue of his shareholding.



# AKAAL GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 30 Cash generated from group operations

	2017 £	2016 £
Profit for the year after tax	17,707,761	13,118,908
Adjustments for:		
Taxation charged	4,482,035	3,343,866
Finance costs	147,890	170,237
Investment income	(35,583)	(36,013)
Loss/(gain) on disposal of tangible fixed assets	80,486	(663,754)
Depreciation and impairment of tangible fixed assets	800,948	754,167
Gain on sale of investments	-	(2,961)
Movements in working capital:		
(Increase) in stocks	(232,930)	(256,487)
(Increase) in debtors	(11,248,265)	(731,322)
(Decrease)/increase in creditors	(1,184,361)	3,378,840
Increase in deferred income	36,375	-
<b>Cash generated from operations</b>	<b>10,554,356</b>	<b>19,075,481</b>

# **AKAAL GROUP PLC**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF AKAAL GROUP PLC**

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We have audited the financial statements of Akaal Group Plc for the year ended 31 March 2017 which comprise the Group Profit And Loss Account, the Group Statement of Comprehensive Income, the Group Balance Sheet, the Company Balance Sheet, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2017 and of its 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.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

# **AKAAL GROUP PLC**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF AKAAL GROUP PLC**

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### **Matters on which we are required to report by exception**

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

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

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

**Declan McCusker (Senior Statutory Auditor)**  
**for and on behalf of Perrys Accountants Limited**

27/9/17

**Chartered Accountants**  
**Statutory Auditor**

3 Roberts Mews  
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