

Company Registration No. 05957569 (England and Wales)

AKAAL GROUP PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019



AKAAL GROUP PLC

COMPANY INFORMATION

Directors	Mr R S Manak Mrs H K Manak
Secretary	Ms T Barrett
Company number	05957569
Registered office	3 Roberts Mews Orpington Kent BR6 0JP
Auditor	Perrys Accountants Limited Chartered Accountants 3 Roberts Mews Orpington Kent BR6 0JP

AKAAL GROUP PLC

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AKAAL GROUP PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The directors present the strategic report for the year ended 31 March 2019.

Fair review of the business

The group has had another successful year with a continued increase in turnover. Margins however have fallen slightly as material and labour costs have continued to rise.

The group continues to provide full external facade packages including cladding, windows, structural and architectural metalworks and internal plastering drylining works, and has expanded into other related packages including unitised facades and building services.

The group's order book remains healthy and turnover is expected to continue to rise in the coming year.

The group will continue to invest in freehold land and buildings both to provide office, factory and warehouse space for its own operations and as investments.

The group continues to inspire development and leadership in its sector by providing innovative health and safety measures, 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

The Government's commitment to building more affordable homes, puts the group in a good position.

There continues to be a shortage of skilled labour in the marketplace as a whole which is being caused by uncertainty around labour movement as the 'Brexit' negotiations continue and from the volatility of Sterling.

It is expected that there will be a shortage of materials in the UK as manufacturers realign their supply chains. This is likely to increase the costs of materials. The group will manage this as far as possible by negotiating the best prices with UK suppliers.

With new house prices remaining fairly constant it is expected that margins will suffer slightly in the short term.

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.

AKAAL GROUP PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

Key performance indicators

	2019	2018	2017
Sales revenue	£136.0 million	£124.1 million	£123.3 million
Gross profit	£28.7 million	£28.9 million	£36.0 million
Gross profit margin	21.12%	23.28%	29.19%
Net profit before tax	£9.9 million	£13.0 million	£22.2 million

On behalf of the board



Mr R S Manak

Director

25 September 2019

AKAAL GROUP PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The directors present their annual report and financial statements for the year ended 31 March 2019.

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 6.

Ordinary dividends were paid amounting to £5,584,595. 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

The group will continue to provide full external facade packages and internal plastering and drylining works as well as expanding its more recent offerings of unitised facades and building services. It is expected that turnover will increase significantly, with perhaps, a relatively minor fall in margins as material and labour prices rise.

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

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 2019

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 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 is aware of that information.

On behalf of the board

A handwritten signature in black ink, consisting of a stylized 'R' followed by a long horizontal stroke that curves upwards at the end.

Mr R S Manak
Director

25 September 2019

AKAAL GROUP PLC

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

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.

AKAAL GROUP PLC

GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	2018 £
Turnover	3	136,045,083	124,105,115
Cost of sales		(107,311,125)	(95,212,361)
Gross profit		28,733,958	28,892,754
Administrative expenses		(19,371,759)	(16,476,397)
Other operating income		575,638	477,149
Operating profit	4	9,937,837	12,893,506
Interest receivable and similar income	8	120,128	324,358
Interest payable and similar expenses	9	(177,980)	(190,454)
Profit before taxation		9,879,985	13,027,410
Tax on profit	10	(1,959,434)	(2,545,251)
Profit for the financial year		7,920,551	10,482,159

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 2019

	2019 £	2018 £
Profit for the year	7,920,551	10,482,159
Other comprehensive income	-	-
Total comprehensive income for the year	<u>7,920,551</u>	<u>10,482,159</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 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Goodwill	12	472,292		-	
Tangible assets	13	10,599,986		9,051,475	
Investment properties	14	13,267,820		9,665,866	
		<u>24,340,098</u>		<u>18,717,341</u>	
Current assets					
Stocks	18	3,235,324	2,241,179		
Debtors	19	51,764,171	38,747,909		
Cash at bank and in hand		16,340,652	27,165,825		
		<u>71,340,147</u>	<u>68,154,913</u>		
Creditors: amounts falling due within one year	20	(22,115,561)	(15,173,525)		
Net current assets		<u>49,224,586</u>		<u>52,981,388</u>	
Total assets less current liabilities		<u>73,564,684</u>		<u>71,698,729</u>	
Creditors: amounts falling due after more than one year	21	(4,314,898)	(4,866,375)		
Provisions for liabilities	24	(271,903)	(190,427)		
Net assets		<u>68,977,883</u>		<u>66,641,927</u>	
Capital and reserves					
Called up share capital	26	61,601	61,601		
Other reserves		3,258,005	3,258,005		
Profit and loss reserves		65,658,277	63,322,321		
Total equity		<u>68,977,883</u>		<u>66,641,927</u>	

The financial statements were approved by the board of directors and authorised for issue on 25 September 2019 and are signed on its behalf by:



Mr R S Manak
Director

AKAAL GROUP PLC (REGISTERED NUMBER: 05957569)

COMPANY BALANCE SHEET

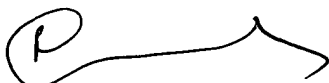
AS AT 31 MARCH 2019

	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Tangible assets	13		6,575,600		5,739,709
Investment properties	14		13,267,820		9,665,866
Investments	15		3,555,476		2,500,549
			<u>23,398,896</u>		<u>17,906,124</u>
Current assets					
Debtors	19	41,866,189		8,442,567	
Cash at bank and in hand		10,315,100		23,967,810	
		<u>52,181,289</u>		<u>32,410,377</u>	
Creditors: amounts falling due within one year	20	<u>(1,414,496)</u>		<u>(813,573)</u>	
Net current assets			<u>50,766,793</u>		<u>31,596,804</u>
Total assets less current liabilities			<u>74,165,689</u>		<u>49,502,928</u>
Creditors: amounts falling due after more than one year	21		<u>(4,307,256)</u>		<u>(4,753,269)</u>
Net assets			<u><u>69,858,433</u></u>		<u><u>44,749,659</u></u>
Capital and reserves					
Called up share capital	26		61,601		61,601
Profit and loss reserves			69,796,832		44,688,058
Total equity			<u><u>69,858,433</u></u>		<u><u>44,749,659</u></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 £30,693,369 (2018 - £9,483,357 profit).

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 25 September 2019 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 2019

	Notes	Share capital £	Other reserves	Profit and loss reserves £	Total £
Balance at 1 April 2017		61,601	3,258,005	55,434,773	58,754,379
Year ended 31 March 2018:					
Profit and total comprehensive income for the year		-	-	10,482,159	10,482,159
Dividends	11	-	-	(2,594,611)	(2,594,611)
Balance at 31 March 2018		61,601	3,258,005	63,322,321	66,641,927
Year ended 31 March 2019:					
Profit and total comprehensive income for the year		-	-	7,920,551	7,920,551
Dividends	11	-	-	(5,584,595)	(5,584,595)
Balance at 31 March 2019		61,601	3,258,005	65,658,277	68,977,883

AKAAL GROUP PLC

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 April 2017		61,601	37,799,312	37,860,913
Year ended 31 March 2018:				
Profit and total comprehensive income for the year		-	9,483,357	9,483,357
Dividends	11	-	(2,594,611)	(2,594,611)
Balance at 31 March 2018		61,601	44,688,058	44,749,659
Year ended 31 March 2019:				
Profit and total comprehensive income for the year		-	30,693,369	30,693,369
Dividends	11	-	(5,584,595)	(5,584,595)
Balance at 31 March 2019		61,601	69,796,832	69,858,433

AKAAL GROUP PLC

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash generated from operations	30	3,449,918		11,525,006	
Interest paid		(177,980)		(190,454)	
Income taxes paid		(998,574)		(3,649,155)	
Net cash inflow from operating activities		2,273,364		7,685,397	
Investing activities					
Purchase of intangible assets		(472,292)		-	
Purchase of tangible fixed assets		(3,218,120)		(2,300,899)	
Proceeds on disposal of tangible fixed assets		442,738		230,972	
Purchase of investment property		(3,601,954)		(591,100)	
Interest received		120,128		157,149	
Dividends received		-		167,209	
Net cash used in investing activities		(6,729,500)		(2,336,669)	
Financing activities					
Repayment of bank loans		(502,061)		(562,682)	
Payment of finance leases obligations		(248,926)		(648,220)	
Dividends paid to equity shareholders		(5,584,595)		(2,594,611)	
Net cash used in financing activities		(6,335,582)		(3,805,513)	
Net (decrease)/increase in cash and cash equivalents		(10,791,718)		1,543,215	
Cash and cash equivalents at beginning of year		27,101,296		25,558,081	
Cash and cash equivalents at end of year		16,309,578		27,101,296	
Relating to:					
Cash at bank and in hand		16,340,652		27,165,825	
Bank overdrafts included in creditors payable within one year		(31,074)		(64,529)	

AKAAL GROUP PLC

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash absorbed by operations		(32,251,455)		(6,214,196)	
Interest paid		(136,976)		(131,775)	
Income taxes paid		(88,901)		(121,143)	
Net cash outflow from operating activities		(32,477,332)		(6,467,114)	
Investing activities					
Purchase of tangible fixed assets		(950,298)		(833,335)	
Purchase of investment property		(3,601,954)		(591,100)	
Purchase of subsidiaries		(1,054,927)		(100)	
Interest received		118,457		136,970	
Dividends received		30,400,000		9,038,103	
Net cash generated from investing activities		24,911,278		7,750,538	
Financing activities					
Repayment of bank loans		(502,061)		(562,682)	
Dividends paid to equity shareholders		(5,584,595)		(2,594,611)	
Net cash used in financing activities		(6,086,656)		(3,157,293)	
Net decrease in cash and cash equivalents		(13,652,710)		(1,873,869)	
Cash and cash equivalents at beginning of year		23,967,810		25,841,679	
Cash and cash equivalents at end of year		10,315,100		23,967,810	

AKAAL GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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 £.

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.

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.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

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 2019. 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.

AKAAL GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

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 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life.

Due to the purchase date of 14 January 2019, goodwill has not been amortised in the current period.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.6 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

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.

AKAAL GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

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

1.7 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.

1.8 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.

1.9 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.

1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. 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.

1.11 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.

1.12 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.

AKAAL GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

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

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.

1.13 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 2019

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.

1.14 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.

1.15 Retirement benefits

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

1.16 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 profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss 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 leased asset are consumed.

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.

AKAAL GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

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:

	2019 £	2018 £
Turnover analysed by class of business		
Property development and maintenance	136,045,083	124,105,115

	2019 £	2018 £
Other significant revenue		
Interest income	120,128	157,149
Dividends received	-	167,209

4 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging:		
Depreciation of owned tangible fixed assets	1,098,510	816,195
Depreciation of tangible fixed assets held under finance leases	90,136	178,153
Loss on disposal of tangible fixed assets	38,225	25,278
Cost of stocks recognised as an expense	55,716,003	47,267,073
Operating lease charges	131,237	141,366

AKAAL GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

5 Auditor's remuneration

	2019 £	2018 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	5,575	5,415
Audit of the financial statements of the company's subsidiaries	48,682	45,906
	<u>54,257</u>	<u>51,321</u>
For other services		
All other non-audit services	<u>88,348</u>	<u>30,624</u>

6 Employees

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

	Group 2019 Number	2018 Number	Company 2019 Number	2018 Number
Management and administration	199	192	1	1
Production	95	95	-	-
	<u>294</u>	<u>287</u>	<u>1</u>	<u>1</u>

Their aggregate remuneration comprised:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Wages and salaries	13,168,925	12,005,224	189,989	31,665
Social security costs	1,429,304	1,312,454	25,733	3,920
Pension costs	593,357	263,313	-	-
	<u>15,191,586</u>	<u>13,580,991</u>	<u>215,722</u>	<u>35,585</u>

7 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	<u>189,989</u>	<u>31,665</u>

AKAAL GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

7 Directors' remuneration

(Continued)

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2018 - 1).

8 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest on bank deposits	43,564	82,879
Other interest income	76,564	74,270
Total interest revenue	120,128	157,149
Other income from investments		
Dividends received	-	167,209
Total income	120,128	324,358

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	119,100	137,511
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9 Interest payable and similar expenses

	2019 £	2018 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	136,980	131,775
Other finance costs:		
Interest on finance leases and hire purchase contracts	435	-
Other interest	40,565	58,679
Total finance costs	177,980	190,454

10 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	1,863,425	2,483,654
Adjustments in respect of prior periods	17,977	17,662
Total current tax	1,881,402	2,501,316

AKAAL GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

10 Taxation

(Continued)

	2019 £	2018 £
Deferred tax		
Origination and reversal of timing differences	78,032	43,935
	<u> </u>	<u> </u>
Total tax charge	1,959,434	2,545,251
	<u> </u>	<u> </u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £	2018 £
Profit before taxation	9,879,985	13,027,410
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	1,877,197	2,475,208
Tax effect of expenses that are not deductible in determining taxable profit	120,603	98,733
Under/(over) provided in prior years	17,977	17,662
Deferred tax adjustments in respect of prior years	78,032	43,935
Dividend income	-	(31,770)
Depreciation in excess of capital allowances	(141,637)	(63,320)
Loss on disposal of assets	7,262	4,803
	<u> </u>	<u> </u>
Taxation charge	1,959,434	2,545,251
	<u> </u>	<u> </u>

11 Dividends

	2019 £	2018 £
Interim paid	5,584,595	2,594,611
	<u> </u>	<u> </u>

AKAAL GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

12 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 April 2018	-
Additions - separately acquired	472,292
At 31 March 2019	472,292
Amortisation and impairment	
At 1 April 2018 and 31 March 2019	-
Carrying amount	
At 31 March 2019	472,292
At 31 March 2018	-

The company had no intangible fixed assets at 31 March 2019 or 31 March 2018.

13 Tangible fixed assets

Group	Freehold buildings £	Plant and equipment £	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
Cost						
At 1 April 2018	6,043,892	439,659	536,511	967,164	4,344,071	12,331,297
Additions	950,298	136,625	61,232	115,952	1,954,013	3,218,120
Disposals	-	(26,000)	(4,069)	-	(1,310,529)	(1,340,598)
At 31 March 2019	6,994,190	550,284	593,674	1,083,116	4,987,555	14,208,819
Depreciation and impairment						
At 1 April 2018	341,437	166,814	335,369	695,631	1,740,571	3,279,822
Depreciation charged in the year	105,093	53,545	35,164	108,981	885,863	1,188,646
Eliminated in respect of disposals	-	(21,164)	(2,006)	-	(836,465)	(859,635)
At 31 March 2019	446,530	199,195	368,527	804,612	1,789,969	3,608,833
Carrying amount						
At 31 March 2019	6,547,660	351,089	225,147	278,504	3,197,586	10,599,986
At 31 March 2018	5,702,455	272,845	201,142	271,533	2,603,500	9,051,475

AKAAL GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

13 Tangible fixed assets

(Continued)

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

	Group 2019 £	2018 £	Company 2019 £	2018 £
Motor vehicles	226,575	541,336	-	-

Company	Freehold buildings £	Plant and equipment £	Motor vehicles £	Total £
Cost				
At 1 April 2018	6,043,892	100,000	27,030	6,170,922
Additions	950,298	-	-	950,298
At 31 March 2019	6,994,190	100,000	27,030	7,121,220
Depreciation and impairment				
At 1 April 2018	341,437	71,524	18,252	431,213
Depreciation charged in the year	105,093	7,119	2,195	114,407
At 31 March 2019	446,530	78,643	20,447	545,620
Carrying amount				
At 31 March 2019	6,547,660	21,357	6,583	6,575,600
At 31 March 2018	5,702,455	28,476	8,778	5,739,709

14 Investment property

	Group 2019 £	Company 2019 £
Fair value		
At 1 April 2018	9,665,866	9,665,866
Additions through external acquisition	3,601,954	3,601,954
At 31 March 2019	13,267,820	13,267,820

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.

AKAAL GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

15 Fixed asset investments

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Investments in subsidiaries	16	-	-	3,555,476	2,500,549

Movements in fixed asset investments Company

	Shares in group undertakings £
Cost or valuation	
At 1 April 2018	2,500,549
Additions	1,054,927
At 31 March 2019	3,555,476
Carrying amount	
At 31 March 2019	3,555,476
At 31 March 2018	2,500,549

16 Subsidiaries

Details of the company's subsidiaries at 31 March 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect
Manak Homes Limited	Stanmore House, Gyproc Business Park, Church Manorway, Erith, Kent, DA8 1DE	Property development	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

AKAAL GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

16 Subsidiaries

(Continued)

Stanmore Drylining Limited	Stanmore House, Gyproc Business Park, Church Manorway, Erith, Kent, DA8 1DE	Dormant	Ordinary	100.00
Stanmore Facades Limited	Stanmore House, Gyproc Business Park, Church Manorway, Erith, Kent, DA8 1DE	Dormant	Ordinary	100.00
Stanmore Glazing Limited	Stanmore House, Gyproc Business Park, Church Manorway, Erith, Kent, DA8 1DE	Dormant	Ordinary	100.00
Stanmore Holdings Limited	Stanmore House, Gyproc Business Park, Church Manorway, Erith, Kent, DA8 1DE	Dormant	Ordinary	100.00
Stanmore Homes Limited	Stanmore House, Gyproc Business Park, Church Manorway, Erith, Kent, DA8 1DE	Dormant	Ordinary	100.00
Stanmore Modular Limited	3 Roberts Mews, Orpington, Kent, BR6 0JP	Dormant	Ordinary	100.00
Stanmore Steel Limited	3 Roberts Mews, Orpington, Kent, BR6 0JP	Steel fabrication	Ordinary	100.00
Stanmore Unitised Facades Limited	3 Roberts Mews, Orpington, Kent, BR6 0JP	Unitised facades contractors	Ordinary	100.00
Kent Powder Coating Limited	3 Roberts Mews, Orpington, Kent, BR6 0JP	Powder coating	Ordinary and Ordinary A	100.00

AKAAL GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

16 Subsidiaries

(Continued)

Stanmore Fire Proofing Limited	Stanmore House, Gyproc Business Park, Church Manorway, Erith, Kent, DA8 1DE	Dormant	Ordinary	100.00
Stanmore Brickwork Limited	Stanmore House, Gyproc Business Park, Church Manorway, Erith, Kent, DA8 1DE	Dormant	Ordinary	100.00
Stanmore Carpentry Limited	Stanmore House, Gyproc Business Park, Church Manorway, Erith, Kent, DA8 1DE	Dormant	Ordinary	100.00
Stanmore Decorating Limited	Stanmore House, Gyproc Business Park, Church Manorway, Erith, Kent, DA8 1DE	Dormant	Ordinary	100.00

17 Financial instruments

	Group 2019 £	2018 £	Company 2019 £	2018 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	51,160,440	38,191,799	41,666,056	8,399,929
Carrying amount of financial liabilities				
Measured at amortised cost	23,249,817	17,863,743	5,643,320	5,482,149

18 Stocks

	Group 2019 £	2018 £	Company 2019 £	2018 £
Raw materials and consumables	3,235,324	2,241,179	-	-

AKAAL GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

19 Debtors

	Group 2019 £	2018 £	Company 2019 £	2018 £
Amounts falling due within one year:				
Trade debtors	44,259,635	32,884,729	159,925	54,496
Amounts owed by group undertakings	-	-	37,570,820	5,114,258
Other debtors	7,097,988	5,346,478	4,132,494	3,270,583
Prepayments and accrued income	403,598	514,024	-	552
	<u>51,761,221</u>	<u>38,745,231</u>	<u>41,863,239</u>	<u>8,439,889</u>
Amounts falling due after more than one year:				
Deferred tax asset (note 24)	2,950	2,678	2,950	2,678
	<u>2,950</u>	<u>2,678</u>	<u>2,950</u>	<u>2,678</u>
Total debtors	<u>51,764,171</u>	<u>38,747,909</u>	<u>41,866,189</u>	<u>8,442,567</u>

20 Creditors: amounts falling due within one year

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Bank loans and overdrafts	22	483,403	572,906	452,329	508,377
Obligations under finance leases	23	168,378	311,840	-	-
Trade creditors		16,665,070	11,348,636	2,794	2,280
Amounts owed to group undertakings		-	-	61,429	61,153
Corporation tax payable		1,720,138	840,482	69,348	64,906
Other taxation and social security		1,460,504	1,335,675	9,084	19,787
Other creditors		825,540	221,518	695,378	142,594
Accruals and deferred income		792,528	542,468	124,134	14,476
		<u>22,115,561</u>	<u>15,173,525</u>	<u>1,414,496</u>	<u>813,573</u>

AKAAL GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

21 Creditors: amounts falling due after more than one year

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Bank loans and overdrafts	22	4,307,256	4,753,269	4,307,256	4,753,269
Obligations under finance leases	23	7,642	113,106	-	-
		<u>4,314,898</u>	<u>4,866,375</u>	<u>4,307,256</u>	<u>4,753,269</u>

22 Loans and overdrafts

	Group 2019 £	2018 £	Company 2019 £	2018 £
Bank loans	4,759,585	5,261,646	4,759,585	5,261,646
Bank overdrafts	31,074	64,529	-	-
	<u>4,790,659</u>	<u>5,326,175</u>	<u>4,759,585</u>	<u>5,261,646</u>
Payable within one year	483,403	572,906	452,329	508,377
Payable after one year	<u>4,307,256</u>	<u>4,753,269</u>	<u>4,307,256</u>	<u>4,753,269</u>

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 2019 totalled £31,074 (2018 - £64,529).

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 2019, loans in all group companies, subject to guarantee by the group, amounted to £4,759,585 (2018 - £5,261,646). These loans are also secured by way of legal mortgages over the group's freehold and investment properties.

Hire purchase liabilities totalling £176,020 (2018 - £424,946) are secured on the assets purchased under the hire purchase agreements.

AKAAL GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

22 Loans and overdrafts

(Continued)

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:

	2019	2018
Due within one year or on demand	£452,329	£508,378
Due 1-2 years	£452,329	£455,048
Due 2-5 years	£1,323,241	£1,353,355
Due over 5 years	£2,531,687	£2,944,865

23 Finance lease obligations

	Group 2019 £	2018 £	Company 2019 £	2018 £
Future minimum lease payments due under finance leases:				
Within one year	168,378	311,840	-	-
In two to five years	7,642	113,106	-	-
	<u>176,020</u>	<u>424,946</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.

24 Deferred taxation

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

	Liabilities 2019 £	Liabilities 2018 £	Assets 2019 £	Assets 2018 £
Group				
Accelerated capital allowances	<u>271,903</u>	<u>190,427</u>	<u>2,950</u>	<u>2,678</u>

AKAAL GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

24 Deferred taxation

(Continued)

	Liabilities 2019 £	Liabilities 2018 £	Assets 2019 £	Assets 2018 £
Company				
Accelerated capital allowances	-	-	2,950	2,678
			Group 2019 £	Company 2019 £
Movements in the year:				
Liability/(Asset) at 1 April 2018			187,749	(2,678)
Charge/(credit) to profit or loss			81,204	(272)
Liability/(Asset) at 31 March 2019			268,953	(2,950)

25 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	593,357	263,313

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.

26 Share capital

	Group and company	
	2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
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
	61,601	61,601

AKAAL GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

27 Related party transactions

As at the balance sheet date, the group had loaned £2,078,541 (2018 - £1,383,871) to a project which a close family member has an interest, this balance is included within other debtors. During the year, interest was charged on this loan totalling £75,536 (2018 - £54,632).

As at the balance sheet date the group was owed £743,770 (2018 - £743,770) from a company controlled by a close family member of the directors, this balance is included within other debtors.

During the year under review, the group subcontracted services from a company incorporated in Croatia in which a close family member of the director is an officer and shareholder, totalling £342,500 (2018 - £114,288).

28 Directors' transactions

Dividends totalling £5,584,595 (2018 - £2,594,611) were paid in the year in respect of shares held by the company's directors.

At the 31 March 2019, the director R S Manak was owed £599,653 (2018 - £78,622) 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.

30 Cash generated from group operations

	2019 £	2018 £
Profit for the year after tax	7,920,551	10,482,159
Adjustments for:		
Taxation charged	1,959,434	2,545,251
Finance costs	177,980	190,454
Investment income	(120,128)	(324,358)
Loss on disposal of tangible fixed assets	38,225	25,289
Depreciation and impairment of tangible fixed assets	1,188,646	994,348
Movements in working capital:		
Increase in stocks	(994,145)	(142,242)
(Increase)/decrease in debtors	(13,015,990)	234,884
Increase/(decrease) in creditors	6,295,345	(2,480,779)
Cash generated from operations	3,449,918	11,525,006

AKAAL GROUP PLC

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AKAAL GROUP PLC

Opinion

We have audited the financial statements of Akaal Group Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2019 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, the company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 the parent company's affairs as at 31 March 2019 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

AKAAL GROUP PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF AKAAL GROUP PLC

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.

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.

Opinions on other matters 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.

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.

Responsibilities of directors

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, 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.

AKAAL GROUP PLC

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

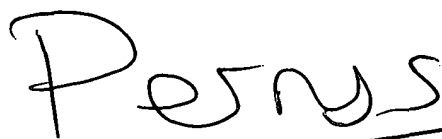
Auditor's responsibilities for the audit of the financial statements

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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.



Declan McCusker (Senior Statutory Auditor)
for and on behalf of Perrys Accountants Limited
Chartered Accountants
Statutory Auditor
3 Roberts Mews
Orpington
Kent
BR6 0JP

Date: 26 SEPTEMBER 2019