

Company Registration No. 05957569 (England and Wales)

AKAAL GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

AKAAL GROUP LIMITED

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 LIMITED

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AKAAL GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2021

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

Fair review of the business

The group's turnover has decreased in the year. In part this has been caused by Covid-19 restrictions.

The group has maintained a gross profit margin of 18% but operating profit has decreased due, principally to the reduction in turnover whilst maintaining staff retention.

The group continues to provide full external façade packages including cladding, windows, structural and architectural metalworks and internal plastering drylining works. The group has in-house design and manufacturing facilities. It is a specialist business combining design, direct procurement of raw materials, fabrication and site installations on a wide variety of construction projects.

The group's order book remains healthy and turnover is expected 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.

AKAAL GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Principal risks and uncertainties

As the country continues to return to more normal trading conditions after the restrictions of the last 18 months, the principal risks are those of further lockdowns being implemented to combat Covid-19 and the publicised scarcity in the supply of labour and materials giving rise to inflationary pressures.

If there was another 'lockdown' the group feels that it is in a strong position to take decisions quickly to protect itself, its workforce and its clients and has sufficient financial resources to allow it to continue through such restrictions.

The group has always taken care to build close relationships with both its clients and its supply chain and whilst it will not be able to avoid some of the inflationary aspects believes that, by having these relationships, it will be in a position to maintain the supply of materials and labour. The group will continue to improve efficiencies in its processes and in its buying decisions.

The group is of a size and has a sound financial base which together with its experience and knowledge enables it to deliver high quality work on contracts of all sizes. Having been trading for over 60 years it has weathered a number of recessions coming back stronger each time.

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 19 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.

Development and performance

As the Government begins to relax lockdown measure resulting from the current Covid-19 pandemic, the principal risk at this time would be a resurgence of the disease giving rise to a further period of more intense lockdown. The group and the clients for whom it works are taking all possible steps to prevent an outbreak on the development sites thereby attempting to mitigate any such risk.

Key performance indicators

	2021	2020	2019
Sales revenue	£106.4 million	£161.7 million	£136.0 million
Gross profit	£20.0 million	£29.5 million	£28.7 million
Gross profit margin	18.82%	18.22%	21.12%
Net profit before tax	£4.3 million	£9.8 million	£9.9 million

AKAAL GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Considerations under S172 Companies Act 2006

Whenever decisions are made, consideration is always given to the effect of these decisions in the long-term. Whilst the ongoing Covid-19 pandemic has necessitated important decisions being taken quickly and with more stress placed on short-term outcomes, the directors consider the long-term consequences on the group and on its employees to be of paramount importance.

The group works closely across all its business relationships which it has always found to provide mutual benefit. Maintaining a reputation for high standards in all areas of the business and with all stakeholders is a core element of the group and shows in positive feedback received from clients, suppliers and staff.

The group employs its own inspectors to continually monitor health, safety and quality control procedures ensuring that high standards are maintained throughout.

By investing in training, staff are able to take on new opportunities and challenges, this in turn brings benefit to the group in terms of improved procedures, products, health, safety and customer services.

In the wider community the group looks to make decisions that improve wellbeing, encouraging participation in sport, investing in fuel-efficient vehicles and has recently replaced all lighting with efficient LED systems.

The directors are aware of their requirement to act fairly between the members and take this requirement into account whenever major operational or financial decisions are made.

On behalf of the board

Mr R S Manak

Director

6 December 2021

AKAAL GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

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

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.

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £292,000. The directors do not recommend payment of a further dividend.

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

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.

Energy and carbon report

As the group has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

AKAAL GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

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

Mr R S Marak

Director

6 December 2021

AKAAL GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2021

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 ;
- prepare the 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 LIMITED

GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
Turnover	3	106,437,951	161,746,958
Cost of sales		(86,407,530)	(132,282,974)
Gross profit		20,030,421	29,463,984
Administrative expenses		(18,236,573)	(20,285,850)
Other operating income		2,563,571	800,956
Operating profit	4	4,357,419	9,979,090
Interest receivable and similar income	8	12,609	178,306
Interest payable and similar expenses	9	(99,465)	(106,170)
Amounts written off investments	10	-	(282,317)
Profit before taxation		4,270,563	9,768,909
Tax on profit	11	140,833	(3,107,033)
Profit for the financial year		4,411,396	6,661,876

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 LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	2021	2020
	£	£
Profit for the year	4,411,396	6,661,876
Other comprehensive income	-	-
Total comprehensive income for the year	<u>4,411,396</u>	<u>6,661,876</u>

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

AKAAL GROUP LIMITED (REGISTERED NUMBER: 05957569)

GROUP BALANCE SHEET

AS AT 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Goodwill	13		377,834		425,063
Tangible assets	14		10,521,272		10,842,487
Investment properties	15		20,488,697		15,723,766
			<u>31,387,803</u>		<u>26,991,316</u>
Current assets					
Stocks	18	2,882,090		3,267,245	
Debtors	19	47,488,819		58,891,014	
Cash at bank and in hand		19,401,192		10,858,669	
		<u>69,772,101</u>		<u>73,016,928</u>	
Creditors: amounts falling due within one year	20	(18,687,733)		(21,542,144)	
Net current assets			<u>51,084,368</u>		<u>51,474,784</u>
Total assets less current liabilities			<u>82,472,171</u>		<u>78,466,100</u>
Creditors: amounts falling due after more than one year	21		(3,841,854)		(4,077,739)
Provisions for liabilities					
Deferred tax liability	24	513,162		390,602	
		<u>(513,162)</u>		<u>(390,602)</u>	
Net assets			<u><u>78,117,155</u></u>		<u><u>73,997,759</u></u>
Capital and reserves					
Called up share capital	27		61,601		61,601
Other reserves			3,258,005		3,258,005
Profit and loss reserves			74,797,549		70,678,153
Total equity			<u><u>78,117,155</u></u>		<u><u>73,997,759</u></u>

The financial statements were approved by the board of directors and authorised for issue on 6 December 2021 and are signed on its behalf by:

Mr R S Manak
Director

AKAAL GROUP LIMITED (REGISTERED NUMBER: 05957569)**COMPANY BALANCE SHEET****AS AT 31 MARCH 2021**

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	14	6,757,496		6,877,232	
Investment properties	15	20,488,697		15,723,766	
Investments	16	3,555,476		3,555,476	
			30,801,669		26,156,474
Current assets					
Debtors	19	28,242,085		34,630,364	
Cash at bank and in hand		1,800,680		505,507	
			30,042,765		35,135,871
Creditors: amounts falling due within one year	20	(891,363)		(1,122,794)	
Net current assets			29,151,402		34,013,077
Total assets less current liabilities			59,953,071		60,169,551
Creditors: amounts falling due after more than one year	21	(3,224,968)		(3,714,414)	
Provisions for liabilities					
Deferred tax liability	24	97,969		18,329	
			(97,969)		(18,329)
Net assets			56,630,134		56,436,808
Capital and reserves					
Called up share capital	27	61,601		61,601	
Profit and loss reserves		56,568,533		56,375,207	
Total equity			56,630,134		56,436,808

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 £485,326 (2020 - £11,779,625 loss).

The financial statements were approved by the board of directors and authorised for issue on 6 December 2021 and are signed on its behalf by:

Mr R S Marak
Director

AKAAL GROUP LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

		Share capital	Other reserves	Profit and loss reserves	Total
	Notes	£	£	£	£
Balance at 1 April 2019		61,601	3,258,005	65,658,277	68,977,883
Year ended 31 March 2020:					
Profit and total comprehensive income for the year		-	-	6,661,876	6,661,876
Dividends	12	-	-	(1,642,000)	(1,642,000)
Balance at 31 March 2020		61,601	3,258,005	70,678,153	73,997,759
Year ended 31 March 2021:					
Profit and total comprehensive income for the year		-	-	4,411,396	4,411,396
Dividends	12	-	-	(292,000)	(292,000)
Balance at 31 March 2021		61,601	3,258,005	74,797,549	78,117,155

AKAAL GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 1 April 2019		61,601	69,796,832	69,858,433
Year ended 31 March 2020:				
Loss and total comprehensive income for the year		-	(11,779,625)	(11,779,625)
Dividends	12	-	(1,642,000)	(1,642,000)
Balance at 31 March 2020		61,601	56,375,207	56,436,808
Year ended 31 March 2021:				
Profit and total comprehensive income for the year		-	485,326	485,326
Dividends	12	-	(292,000)	(292,000)
Balance at 31 March 2021		61,601	56,568,533	56,630,134

AKAAL GROUP LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	32	18,523,540		2,978,469	
Interest paid		{99,465}		{106,170}	
Income taxes paid		{3,599,589}		{2,655,481}	
Net cash inflow from operating activities		<u>14,824,486</u>		<u>216,818</u>	
Investing activities					
Purchase of tangible fixed assets		(1,239,938)		(1,713,313)	
Proceeds on disposal of tangible fixed assets		352,529		275,465	
Purchase of investment property		(5,055,101)		(2,455,946)	
Proceeds on disposal of investment property		500,000		-	
Proceeds on disposal of subsidiaries		(198,435)		-	
Proceeds on disposal of investments		-		(282,317)	
Receipts arising from loans made		(427,010)		-	
Interest received		12,609		178,306	
Net cash used in investing activities		<u>{6,055,346}</u>		<u>{3,997,805}</u>	
Financing activities					
Repayment of bank loans		(501,227)		(456,457)	
Payment of finance leases obligations		579,057		368,968	
Dividends paid to equity shareholders		(292,000)		(1,642,000)	
Net cash used in financing activities		<u>{214,170}</u>		<u>{1,729,489}</u>	
Net increase/(decrease) in cash and cash equivalents		<u>8,554,970</u>		<u>{5,510,476}</u>	
Cash and cash equivalents at beginning of year		10,799,102		16,309,578	
Cash and cash equivalents at end of year		<u><u>19,354,072</u></u>		<u><u>10,799,102</u></u>	
Relating to:					
Cash at bank and in hand		19,401,192		10,858,669	
Bank overdrafts included in creditors payable within one year		<u><u>{47,120}</u></u>		<u><u>{59,567}</u></u>	

AKAAL GROUP LIMITED

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations		7,278,765		(4,565,707)	
Interest paid		(84,543)		(131,144)	
Income taxes paid		(227,895)		(135,411)	
Net cash inflow/(outflow) from operating activities		6,966,327		(4,832,262)	
Investing activities					
Purchase of tangible fixed assets		-		(416,056)	
Proceeds on disposal of tangible fixed assets	1,200			-	
Purchase of investment property	(5,055,101)			(2,455,946)	
Proceeds on disposal of investment property	500,000			-	
Proceeds on disposal of investments	-			(282,317)	
Receipts arising from loans made	(427,010)			-	
Interest received	2,984			175,445	
Dividends received	100,000			100,000	
Net cash used in investing activities		(4,877,927)		(2,878,874)	
Financing activities					
Repayment of bank loans	(501,227)			(456,457)	
Dividends paid to equity shareholders	(292,000)			(1,642,000)	
Net cash used in financing activities		(793,227)		(2,098,457)	
Net increase/(decrease) in cash and cash equivalents		1,295,173		(9,809,593)	
Cash and cash equivalents at beginning of year		505,507		10,315,100	
Cash and cash equivalents at end of year		1,800,680		505,507	

AKAAL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

Company information

Akaal Group Limited ("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 Limited 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 Business combinations

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.

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Akaal Group Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 March 2021. 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 LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.4 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group 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.

1.5 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.

1.6 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.7 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.

Goodwill, being the amount paid in connection with the acquisition of a business in 2019, is being amortised evenly over its estimated useful life of ten years.

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.

1.8 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 LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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.

1.9 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.

1.10 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.

1.11 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.

1.12 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.

1.13 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 LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.14 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

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.

1.15 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 LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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.

1.16 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.

1.17 Retirement benefits

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

1.18 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 LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.19 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

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.

The basis of measurement of the company's investment properties is fair value which contains judgements, estimates and assumptions on the fair value of the investment properties. As at 31 March 2021, the investment properties were tenanted and the director's valuation takes into consideration that these properties can be let to both tenants or operational businesses. The director has assessed the open market value of the properties by reference to the purchase price of the properties, and by reference to conducting estimates of comparable properties in the same areas and has assessed the open market value to be £20,488,697.

Included within freehold buildings in tangible fixed assets is freehold land which is not depreciated. The value of freehold land is estimated by the director as a proportion of the total cost of the property at acquisition.

3 Turnover and other revenue

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

	2021	2020
	£	£
Turnover analysed by class of business		
Property development and maintenance	106,437,951	161,746,958

AKAAL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

3 Turnover and other revenue	(Continued)	
	2021 £	2020 £
Other significant revenue		
Interest income	12,609	178,306
Grants received	1,790,370	11,126
	973,704	990,333
	<u> </u>	<u> </u>
4 Operating profit		
	2021 £	2020 £
Operating profit for the year is stated after charging/(crediting):		
Research and development costs	-	2,500
Government grants	(1,790,370)	(11,126)
Depreciation of owned tangible fixed assets	946,499	1,134,792
Depreciation of tangible fixed assets held under finance leases	245,098	43,477
Loss on disposal of tangible fixed assets	17,027	17,078
Profit on disposal of investment property	(209,830)	-
Amortisation of intangible assets	47,229	47,229
Loss on disposal of intangible assets	198,435	-
Operating lease charges	221,046	235,467
	<u> </u>	<u> </u>
5 Auditor's remuneration		
	2021 £	2020 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	5,915	5,745
Audit of the financial statements of the company's subsidiaries	69,205	73,101
	<u>75,120</u>	<u>78,846</u>
For other services		
All other non-audit services	22,858	20,235
	<u>22,858</u>	<u>20,235</u>

AKAAL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

6 Employees

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

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Management and administration	196	222	2	2
Production	105	90	-	-
Total	301	312	2	2

Their aggregate remuneration comprised:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Wages and salaries	13,311,262	14,684,148	164,003	188,990
Social security costs	1,576,644	1,740,105	21,326	25,704
Pension costs	882,540	933,251	34,000	-
	15,770,446	17,357,504	219,329	214,694

7 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	164,003	188,990
Company pension contributions to defined contribution schemes	34,000	-
	198,003	188,990

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2020 - 1).

8 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	221	23,614
Other interest income	12,388	154,692
Total income	12,609	178,306

AKAAL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

8	Interest receivable and similar income	(Continued)	
	Investment income includes the following:		
	Interest on financial assets not measured at fair value through profit or loss	221	178,306
		<u>221</u>	<u>178,306</u>
9	Interest payable and similar expenses		
		2021	2020
		£	£
	Interest on financial liabilities measured at amortised cost:		
	Interest on bank overdrafts and loans	84,543	131,144
	Other interest on financial liabilities	2	-
		<u>84,545</u>	<u>131,144</u>
	Other finance costs:		
	Other interest	14,920	(24,974)
		<u>14,920</u>	<u>(24,974)</u>
	Total finance costs	<u>99,465</u>	<u>106,170</u>
10	Amounts written off investments		
		2021	2020
		£	£
	Amounts written back to/(written off) non-current loans	-	(282,317)
		<u>-</u>	<u>(282,317)</u>
11	Taxation		
		2021	2020
		£	£
	Current tax		
	UK corporation tax on profits for the current period	846,091	2,856,366
	Adjustments in respect of prior periods	(1,109,484)	129,020
		<u>(263,393)</u>	<u>2,985,386</u>
	Total current tax	<u>(263,393)</u>	<u>2,985,386</u>
	Deferred tax		
	Origination and reversal of timing differences	82,625	121,647
	Previously unrecognised tax loss, tax credit or timing difference	39,935	-
		<u>122,560</u>	<u>121,647</u>
	Total deferred tax	<u>122,560</u>	<u>121,647</u>
	Total tax (credit)/charge	<u>(140,833)</u>	<u>3,107,033</u>

AKAAL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

11 Taxation

(Continued)

The actual (credit)/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:

	2021 £	2020 £
Profit before taxation	4,270,563	9,768,909
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	811,407	1,856,093
Tax effect of expenses that are not deductible in determining taxable profit	9,438	2,401,900
Tax effect of utilisation of tax losses not previously recognised	(7,109)	-
Permanent capital allowances in excess of depreciation	314	1,069
Amortisation on assets not qualifying for tax allowances	8,974	-
Under/(over) provided in prior years	(1,109,484)	129,019
Deferred tax adjustments in respect of prior years	122,560	122,716
Dividend income	-	(19,000)
Depreciation in excess of capital allowances	(12,190)	(31,392)
Loss on disposal of assets	(36,632)	6,030
Chargeable gains	34,186	-
Loan written off	-	(2,280,000)
Losses group relived	-	920,598
Profit/loss on disposal of subsidiary	37,703	-
Taxation (credit)/charge	(140,833)	3,107,033

12 Dividends

	2021 £	2020 £
Recognised as distributions to equity holders:		
Interim paid	292,000	1,642,000

AKAAL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

13 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 April 2020 and 31 March 2021	472,292
Amortisation and impairment	
At 1 April 2020	47,229
Amortisation charged for the year	47,229
At 31 March 2021	94,458
Carrying amount	
At 31 March 2021	377,834
At 31 March 2020	425,063

The company had no intangible fixed assets at 31 March 2021 or 31 March 2020.

14 Tangible fixed assets

Group	Freehold buildings £	Plant and equipment £	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
Cost						
At 1 April 2020	7,410,246	719,977	618,144	1,388,243	5,195,692	15,332,302
Additions	-	5,742	12,439	196,347	1,025,410	1,239,938
Disposals	-	-	-	-	(1,045,860)	(1,045,860)
At 31 March 2021	7,410,246	725,719	630,583	1,584,590	5,175,242	15,526,380
Depreciation and impairment						
At 1 April 2020	553,969	273,406	402,813	948,504	2,311,123	4,489,815
Depreciation charged in the year	113,414	73,648	32,779	188,553	783,203	1,191,597
Eliminated in respect of disposals	-	-	-	-	(676,304)	(676,304)
At 31 March 2021	667,383	347,054	435,592	1,137,057	2,418,022	5,005,108
Carrying amount						
At 31 March 2021	6,742,863	378,665	194,991	447,533	2,757,220	10,521,272
At 31 March 2020	6,856,277	446,571	215,331	439,739	2,884,569	10,842,487

AKAAL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

14 Tangible fixed assets

(Continued)

Company	Freehold buildings £	Plant and equipment £	Motor vehicles £	Total £
Cost				
At 1 April 2020	7,410,246	100,000	27,030	7,537,276
Disposals	-	-	(9,189)	(9,189)
At 31 March 2021	7,410,246	100,000	17,841	7,528,087
Depreciation and impairment				
At 1 April 2020	553,969	83,982	22,093	660,044
Depreciation charged in the year	113,414	4,005	933	118,352
Eliminated in respect of disposals	-	-	(7,805)	(7,805)
At 31 March 2021	667,383	87,987	15,221	770,591
Carrying amount				
At 31 March 2021	6,742,863	12,013	2,620	6,757,496
At 31 March 2020	6,856,277	16,018	4,937	6,877,232

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

	Group 2021 £	2020 £	Company 2021 £	2020 £
Motor vehicles	1,044,490	502,670	-	-

15 Investment property

	Group 2021 £	Company 2021 £
Fair value		
At 1 April 2020	15,723,766	15,723,766
Additions through external acquisition	5,055,101	5,055,101
Disposals	(290,170)	(290,170)
At 31 March 2021	20,488,697	20,488,697

AKAAL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

15 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.

16 Fixed asset investments

		Group 2021	2020	Company 2021	2020
	Notes	£	£	£	£
Investments in subsidiaries	17	-	-	3,555,476	3,555,476

Movements in fixed asset investments Company

Shares in group
undertakings

£

Cost or valuation

At 1 April 2020 and 31 March 2021

3,555,476

Carrying amount

At 31 March 2021

3,555,476

At 31 March 2020

3,555,476

17 Subsidiaries

Details of the company's subsidiaries at 31 March 2021 are as follows:

AKAAL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

17 Subsidiaries

(Continued)

Name of undertaking	Registered office	Class of shares held	% Held	
			Direct	Indirect
Manak Homes Limited	Stanmore House, Gyproc Business Park, Church Manorway, Erith, Kent, DA8 1DE	Ordinary	100.00	-
Stanmore Contractors Limited	Stanmore House, Gyproc Business Park, Church Manorway, Erith, Kent, DA8 1DE	Ordinary A	100.00	-
Stanmore Drylining Limited	Stanmore House, Gyproc Business Park, Church Manorway, Erith, Kent, DA8 1DE	Ordinary	0	100.00
Stanmore Facades Limited	Stanmore House, Gyproc Business Park, Church Manorway, Erith, Kent, DA8 1DE	Ordinary	0	100.00
Stanmore Glazing Limited	Stanmore House, Gyproc Business Park, Church Manorway, Erith, Kent, DA8 1DE	Ordinary	0	100.00
Stanmore Holdings Limited	Stanmore House, Gyproc Business Park, Church Manorway, Erith, Kent, DA8 1DE	Ordinary	100.00	-
Stanmore Homes Limited	Stanmore House, Gyproc Business Park, Church Manorway, Erith, Kent, DA8 1DE	Ordinary	0	100.00
Stanmore Modular Limited	3 Roberts Mews, Orpington, Kent, BR6 0JP	Ordinary	0	100.00
Stanmore Steel Limited	3 Roberts Mews, Orpington, Kent, BR6 0JP	Ordinary	100.00	-
Stanmore Utilised Facades Limited	3 Roberts Mews, Orpington, Kent, BR6 0JP	Ordinary	100.00	-
Kent Powder Coating Limited	3 Roberts Mews, Orpington, Kent, BR6 0JP	Ordinary and Ordinary A	100.00	-
Stanmore Fire Proofing Limited	Stanmore House, Gyproc Business Park, Church Manorway, Erith, Kent, DA8 1DE	Ordinary	0	100.00
Stanmore Brickwork Limited	Stanmore House, Gyproc Business Park, Church Manorway, Erith, Kent, DA8 1DE	Ordinary	0	100.00
Stanmore Carpentry Limited	Stanmore House, Gyproc Business Park, Church Manorway, Erith, Kent, DA8 1DE	Ordinary	0	100.00
Stanmore Decorating Limited	Stanmore House, Gyproc Business Park, Church Manorway, Erith, Kent, DA8 1DE	Ordinary	0	100.00

Manak Homes Limited (company number 05282843) is exempt from the requirements of the Companies Act relating to the audit of individual accounts by virtue of s479A of the Companies Act.

18 Stocks

	Group 2021 £	2020 £	Company 2021 £	2020 £
Raw materials and consumables	2,416,542	3,267,245	-	-
Work in progress	465,548	-	-	-
	<u>2,882,090</u>	<u>3,267,245</u>	<u>-</u>	<u>-</u>

AKAAL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

19 Debtors

	Group 2021	2020	Company 2021	2020
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	36,226,748	50,577,199	197,480	224,538
Corporation tax recoverable	1,812,940	29,000	231,461	-
Amounts owed by group undertakings	-	-	25,867,777	31,120,085
Other debtors	8,272,484	7,258,978	1,945,315	3,285,741
Prepayments and accrued income	1,176,647	1,025,837	52	-
	<u>47,488,819</u>	<u>58,891,014</u>	<u>28,242,085</u>	<u>34,630,364</u>

20 Creditors: amounts falling due within one year

		Group 2021	2020	Company 2021	2020
	Notes	£	£	£	£
Bank loans and overdrafts	22	624,053	648,281	576,933	588,714
Obligations under finance leases	23	507,159	181,663	-	-
Trade creditors		14,957,399	13,811,496	21,208	9,094
Amounts owed to group undertakings		-	-	82,749	83,949
Corporation tax payable			2,079,042		9,760
Other taxation and social security		1,397,047	1,599,939	11,790	20,521
Deferred income	25	-	186,333	-	-
Other creditors		257,146	521,250	100,581	315,833
Accruals and deferred income		944,929	2,514,140	98,102	94,923
		<u>18,687,733</u>	<u>21,542,144</u>	<u>891,363</u>	<u>1,122,794</u>

21 Creditors: amounts falling due after more than one year

		Group 2021	2020	Company 2021	2020
	Notes	£	£	£	£
Bank loans and overdrafts	22	3,224,968	3,714,414	3,224,968	3,714,414
Obligations under finance leases	23	616,886	363,325	-	-
		<u>3,841,854</u>	<u>4,077,739</u>	<u>3,224,968</u>	<u>3,714,414</u>

AKAAL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

22 Loans and overdrafts

	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans	3,801,901	4,303,128	3,801,901	4,303,128
Bank overdrafts	47,120	59,567	-	-
	<u>3,849,021</u>	<u>4,362,695</u>	<u>3,801,901</u>	<u>4,303,128</u>
Payable within one year	624,053	648,281	576,933	588,714
Payable after one year	<u>3,224,968</u>	<u>3,714,414</u>	<u>3,224,968</u>	<u>3,714,414</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 2021 totalled £47,120 (2020 - £59,567).

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

At 31 March 2021, loans in all group companies, subject to guarantee by the group, amounted to £3,801,901 (2020 - £4,303,128). These loans are also secured by way of legal mortgages over the group's freehold and investment properties.

Hire purchase liabilities totalling £1,090,089 (2020 - £544,988) 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:

	2021	2020
Due within one year or on demand	£576,933	£588,714
Due 1-2 years	£563,980	£588,714
Due 2-5 years	£1,325,983	£1,578,389
Due over 5 years	£1,335,005	£1,547,311

AKAAL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

23 Finance lease obligations

	Group 2021 £	2020 £	Company 2021 £	2020 £
Future minimum lease payments due under finance leases:				
Within one year	507,159	181,663	-	-
In two to five years	616,886	363,325	-	-
	<u>1,124,045</u>	<u>544,988</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:

Group	Liabilities 2021 £	Liabilities 2020 £
Accelerated capital allowances	<u>513,162</u>	<u>390,602</u>
	Liabilities 2021 £	Liabilities 2020 £
Company		
Accelerated capital allowances	<u>97,969</u>	<u>18,329</u>
	Group 2021 £	Company 2021 £
Movements in the year:		
Liability at 1 April 2020	390,602	18,329
Charge to profit or loss	<u>122,560</u>	<u>79,640</u>
Liability at 31 March 2021	<u>513,162</u>	<u>97,969</u>

AKAAL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

25 Deferred income

	Group 2021 £	2020 £	Company 2021 £	2020 £
Other deferred income	-	186,333	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

26 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	882,540	933,251
	<u> </u>	<u> </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.

27 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital				
Issued and fully paid				
Ordinary Shares of £1 each	1	1	1	1
Ordinary A Shares of £1 each	61,100	61,100	61,100	61,100
Ordinary B Shares of £1 each	500	500	500	500
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	61,601	61,601	61,601	61,601
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

28 Events after the reporting date

After the balance sheet date, the group purchased two investment properties at a purchase price of £4.4m.

29 Related party transactions

As at the balance sheet date, the group had loaned £202,843 (2020 - £1,752,437) 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 £74,881 (2020 - £154,692).

As at the balance sheet date the group was owed £743,770 (2020 - £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 £246,624 (2020 - £423,043).

AKAAL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

30 Directors' transactions

Dividends totalling £292,000 (2020 - £1,642,000) were paid in the year in respect of shares held by the company's directors.

At the 31 March 2021, the director R S Manak was owed £nil (2020 - £224,391) by the group. These amounts are disclosed in other creditors.

At the balance sheet date, there was an overdrawn director's loan account of £427,010 (repaid within 9 months), this is included within other debtors.

31 Controlling party

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

32 Cash generated from group operations

	2021 £	2020 £
Profit for the year after tax	4,411,396	6,661,876
Adjustments for:		
Taxation (credited)/charged	(140,833)	3,107,033
Finance costs	99,465	106,170
Investment income	(12,609)	(178,306)
Loss on disposal of tangible fixed assets	17,027	17,078
Gain on disposal of investment property	(209,830)	-
Loss on disposal of intangible assets	198,435	-
Amortisation and impairment of intangible assets	47,229	47,229
Depreciation and impairment of tangible fixed assets	1,191,597	1,178,269
Amounts written off investments	-	282,317
Movements in working capital:		
Decrease/(increase) in stocks	385,155	(31,920)
Decrease/(increase) in debtors	13,613,145	(7,100,793)
Decrease in creditors	(890,304)	(1,296,817)
(Decrease)/increase in deferred income	(186,333)	186,333
Cash generated from operations	18,523,540	2,978,469

AKAAL GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AKAAL GROUP LIMITED

Opinion

We have audited the financial statements of Akaal Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the group profit and loss account, the group statement of comprehensive income, the group 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 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 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

AKAAL GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF AKAAL GROUP LIMITED

Other information

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

We have nothing to report in this regard.

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 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 company or to cease operations, or have no realistic alternative but to do so.

AKAAL GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF AKAAL GROUP LIMITED

Auditor's responsibilities for the audit of the financial statements

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

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

We gained an understanding of the legal and regulatory framework applicable to the group and the industry in which it operates, and considered the risk of acts by the group that were contrary to applicable laws and regulations, including fraud.

We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focussed on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation and enquiries with management.

We did not identify any key audit matters relating to irregularities, including fraud. As in all our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

AKAAL GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF AKAAL GROUP LIMITED

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

14 December 2021

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