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Company Registration No. SC152713 (Scotland)

GHI CONTRACTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021



GHI CONTRACTS LIMITED

COMPANY INFORMATION

Directors	G Cairns S Hunter C Sibbald
Secretary	S Hunter
Company number	SC152713
Registered office	Belgrave Court Rosehall Road Bellshill United Kingdom ML4 3NR
Auditor	Azets Audit Services Titanium 1 Kings Inch Place Renfrew United Kingdom PA4 8WF
Bankers	Royal Bank of Scotland 253 Main Street Bellshill ML4 1AN
Solicitors	MacDonald Henderson Standard Buildings 94 Hope Street Glasgow United Kingdom G2 6PH

GHI CONTRACTS LIMITED

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GHI CONTRACTS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

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

Principal activities and business review

The principal activity of the company is that of a commercial interior refurbishment and fit out contractor.

The year to August 2021 remained challenging as a result of COVID. In particular, our core sector of commercial office space remained subdued as flexible working / work from home reduced new opportunities. That said, we are pleased to return to a growth in both turnover and profitability, following the development of new client and consultant relationships and commercial property frameworks.

Results and dividends

The profit for the year, after taxation, amounted to £450,805 (2020 - loss £324,811).

Dividends of £nil (2020 - £nil) were paid to the parent company GHI Contracts Holdings Limited.

Future developments

The company will continue to seek business outside its current client base, whilst continuing to maintain the high standards that our existing clients have come to expect.

Principal risks and uncertainties

The business has secured a strong increase in workflow for the coming year and together with pro-active and robust operating procedures will result in the business achieving an increase in turnover and profitability. Our business plan is to ensure appropriate market share in our core sectors, develop new opportunities and secure further medium-term contracts to those already in place.

Financial key performance indicators

The board of directors meet monthly to review the detailed monthly management accounts, develop our future strategies and review performance against key performance indicators.

Disabled employees

The company recognises its obligations towards disabled persons and endeavours to provide as many employment, training and career opportunities as the demands of the company's operations and the abilities of the disabled persons allow.

On behalf of the board



G Cairns
Director

23 February 2022

GHI CONTRACTS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

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

Directors

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

G Cairns
S Hunter
C Sibbald

Post reporting date events

There have been no significant events affecting the company since the year end.

Auditor

Azets Audit Services have expressed their willingness to continue in office as auditor and will be proposed for re-appointment at the Annual General Meeting.

Statement of directors' responsibilities

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

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

- select suitable accounting policies 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 company will continue in business.

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

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 company's auditor 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 company's auditor is aware of that information.

Matters covered in the strategic report

The information regarding the principal activities, review of the business, results and dividends, future developments, principal risks and uncertainties, financial key performance indicators and disabled employees is shown in the Strategic Report and not in the Directors' Report.

GHI CONTRACTS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

On behalf of the board

A handwritten signature in black ink, appearing to read 'G Cairns', written over a horizontal line.

G Cairns
Director

23 February 2022

GHI CONTRACTS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GHI CONTRACTS LIMITED

Opinion

We have audited the financial statements of GHI Contracts Limited (the 'company') for the year ended 31 August 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity 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 company's affairs as at 31 August 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

We have nothing to report in this regard.

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.

GHI CONTRACTS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF GHI CONTRACTS LIMITED

Matters on which we are required to report by exception

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 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.

GHI CONTRACTS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF GHI CONTRACTS LIMITED

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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.

Azets Audit Services

Jennifer Alexander (Senior Statutory Auditor)
For and on behalf of Azets Audit Services

23 February 2022

Chartered Accountants
Statutory Auditor

Titanium 1
Kings Inch Place
Renfrew
Renfrewshire
United Kingdom
PA4 8WF

GHI CONTRACTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 £	2020 £
Turnover	3	13,431,578	10,760,728
Cost of sales		(11,659,732)	(9,607,221)
Gross profit		1,771,846	1,153,507
Administrative expenses		(1,531,692)	(1,871,206)
Other operating income		85,539	331,753
Operating profit/(loss)	4	325,693	(385,946)
Interest receivable and similar income	8	144	2,190
Interest payable and similar expenses	9	(22,610)	(10,983)
Profit/(loss) before taxation		303,227	(394,739)
Tax on profit/(loss)	10	147,578	69,928
Profit/(loss) for the financial year		450,805	(324,811)

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

GHI CONTRACTS LIMITED

BALANCE SHEET

AS AT 31 AUGUST 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	11		57,058		90,413
Current assets					
Debtors	12	5,240,430		4,066,656	
Cash at bank and in hand		1,656,611		1,645,203	
		<u>6,897,041</u>		<u>5,711,859</u>	
Creditors: amounts falling due within one year	13	<u>(4,761,441)</u>		<u>(4,039,053)</u>	
Net current assets			<u>2,135,600</u>		<u>1,672,806</u>
Total assets less current liabilities			<u>2,192,658</u>		<u>1,763,219</u>
Creditors: amounts falling due after more than one year	14		<u>(690,882)</u>		<u>(712,248)</u>
Net assets			<u><u>1,501,776</u></u>		<u><u>1,050,971</u></u>
Capital and reserves					
Called up share capital	18		850,002		850,002
Profit and loss reserves	19		<u>651,774</u>		<u>200,969</u>
Total equity			<u><u>1,501,776</u></u>		<u><u>1,050,971</u></u>

The financial statements were approved by the board of directors and authorised for issue on 23 February 2022 and are signed on its behalf by:



G Cairns
Director

Company Registration No. SC152713

GHI CONTRACTS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2021

	Share capital £	Profit and loss reserves £	Total £
Balance at 1 September 2019	850,002	525,780	1,375,782
Year ended 31 August 2020:			
Loss and total comprehensive income for the year	-	(324,811)	(324,811)
Balance at 31 August 2020	850,002	200,969	1,050,971
Year ended 31 August 2021:			
Profit and total comprehensive income for the year	-	450,805	450,805
Balance at 31 August 2021	850,002	651,774	1,501,776

GHI CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

Company information

GHI Contracts Limited is a private company limited by shares incorporated in Scotland. The registered office is Belgrave Court, Rosehall Road, Bellshill, Lanarkshire, United Kingdom, ML4 3NR.

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. The principal accounting policies adopted are set out below.

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

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

The financial statements of the company are consolidated in the financial statements of GHI Contracts Holdings Limited as at 31 August 2021. These consolidated financial statements are available from its registered office, Belgrave Court, Rosehall Road, Bellshill, ML4 3NR.

1.2 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.

1.3 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, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

GHI CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.4 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:

Fixtures and fittings	25% reducing balance
Computers	25% reducing balance
Motor vehicles	25% 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 credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

1.6 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.

1.7 Financial instruments

The company 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 company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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.

GHI CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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 company 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.

GHI CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.8 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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

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 when the company has 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.

1.9 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.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

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.

GHI CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

1.10 Retirement benefits

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

1.11 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 leases asset are consumed.

1.12 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.

1.13 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company'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 directors are satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied to depreciation rates which have been deemed appropriate for the class of asset and the valuation of work in progress based on surveyors' valuations of work performed at the end of each accounting period.

GHI CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

3 Turnover and other revenue

	2021 £	2020 £
Turnover analysed by class of business		
Refurbishment work sales	13,431,578	10,760,728
	2021 £	2020 £
Other significant revenue		
Interest income	144	2,190
Grants received	68,990	314,063
Other operating income	16,549	17,690

All turnover arose within the United Kingdom.

The company received government grants in the year of £23,595 (2020 - £289,489) in relation to the Coronavirus Job Retention Scheme, £16,582 (2020 - £5,553) in relation to the Coronavirus Business Interruption Loan Scheme and £28,813 (2020 - £19,021) in relation to various Construction Industry Training Board schemes.

4 Operating profit/(loss)

	2021 £	2020 £
Operating profit/(loss) for the year is stated after charging/(crediting):		
Government grants	(68,990)	(314,063)
Depreciation of owned tangible fixed assets	19,901	31,091
(Profit)/loss on disposal of tangible fixed assets	(3,821)	2,469
Operating lease charges	86,686	71,791

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 company	7,544	7,206
For other services		
Taxation compliance services	2,310	2,410
All other non-audit services	6,958	7,338
	9,268	9,748

GHI CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

6 Employees

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

	2021 Number	2020 Number
Administration staff	18	25
Direct labour	26	31
Total	44	56

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	1,621,514	1,979,246
Social security costs	168,434	212,437
Pension costs	63,979	73,310
	1,853,927	2,264,993

7 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	243,704	248,680
Company pension contributions to defined contribution schemes	14,853	13,098
	258,557	261,778

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2020 - 3).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2021 £	2020 £
Remuneration for qualifying services	95,427	98,383
Company pension contributions to defined contribution schemes	6,975	6,510

The social security cost relating to the directors for the year was £29,101 (2020 - £30,180).

The directors of the company are regarded as they key management personnel.

GHI CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

8 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	144	2,190
	<u>144</u>	<u>2,190</u>

9 Interest payable and similar expenses

	2021 £	2020 £
Interest on bank overdrafts and loans	18,102	5,553
Interest on finance leases and hire purchase contracts	3,672	5,430
Other interest	836	-
	<u>22,610</u>	<u>10,983</u>

10 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	60,065	-
Adjustments in respect of prior periods	(207,643)	(69,928)
Total current tax	<u>(147,578)</u>	<u>(69,928)</u>

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

	2021 £	2020 £
Profit/(loss) before taxation	<u>303,227</u>	<u>(394,739)</u>
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	57,613	(75,000)
Tax effect of expenses that are not deductible in determining taxable profit	1,067	321
Change in unrecognised deferred tax assets	1,385	2,093
Adjustments in respect of prior years	(207,643)	-
Other tax adjustments, reliefs and transfers	-	2,658
Taxation credit for the year	<u>(147,578)</u>	<u>(69,928)</u>

GHI CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

11 Tangible fixed assets

	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
Cost				
At 1 September 2020	300,048	51,896	134,789	486,733
Additions	-	330	-	330
Disposals	-	-	(58,086)	(58,086)
At 31 August 2021	300,048	52,226	76,703	428,977
Depreciation and impairment				
At 1 September 2020	272,316	34,126	89,878	396,320
Depreciation charged in the year	6,933	4,477	8,491	19,901
Eliminated in respect of disposals	-	-	(44,302)	(44,302)
At 31 August 2021	279,249	38,603	54,067	371,919
Carrying amount				
At 31 August 2021	20,799	13,623	22,636	57,058
At 31 August 2020	27,732	17,770	44,911	90,413

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

	2021 £	2020 £
Fixtures and fittings	16,875	22,500
Motor vehicles	25,474	47,749
Computers	4,691	6,255
	47,040	76,504

The depreciation for the year includes £15,680 (2020 - £25,502) in respect of assets leased under finance leases or hire purchase contracts.

GHI CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

12 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	1,509,569	1,379,110
Gross amounts owed by contract customers	884,037	538,347
Corporation tax recoverable	217,505	12,510
Amounts owed by group undertakings	1,070,505	943,865
Other debtors	1,302,792	867,708
Prepayments and accrued income	10,357	38,366
	<u>4,994,765</u>	<u>3,779,906</u>
Amounts falling due after more than one year:	2021 £	2020 £
Other debtors	<u>245,665</u>	<u>286,750</u>
Total debtors	<u>5,240,430</u>	<u>4,066,656</u>

13 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Bank loans	15	130,000	27,500
Obligations under finance leases	16	17,067	27,692
Trade creditors		1,571,092	2,011,745
Taxation and social security		598,621	354,191
Other creditors		844,041	894,635
Accruals and deferred income		1,600,620	723,290
		<u>4,761,441</u>	<u>4,039,053</u>

Hire purchase creditors hold security over the respective assets financed.

The bank holds a bond and floating charge over the assets and undertakings of the company. There is an unlimited inter-company guarantee between GHI Contracts Limited and GHI Contracts Holdings Limited.

Security

Secured creditors due within one year total £147,067 (2020 - £55,192).

GHI CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

14 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Bank loans and overdrafts	15	592,500	522,500
Obligations under finance leases	16	7,102	24,613
Other creditors		91,280	165,135
		<u>690,882</u>	<u>712,248</u>

Secured creditors

Secured creditors due after more than one year total £599,602 (2020 - £547,113).

Amounts included above which fall due after five years are as follows:

Payable by instalments	20,000	82,500
	<u>20,000</u>	<u>82,500</u>

15 Loans and overdrafts

	2021 £	2020 £
Bank loans	722,500	550,000
	<u>722,500</u>	<u>550,000</u>
Payable within one year	130,000	27,500
Payable after one year	592,500	522,500
	<u>722,500</u>	<u>550,000</u>

The loans are in relation to the Coronavirus Business Interruption Loan Scheme. Of the above outstanding loans, £522,500 is at an interest rate of 3.25% over base and £200,000 is at an interest rate 3.39% over base. Both loans are repayable in instalments over a 6 year period.

16 Finance lease obligations

	2021 £	2020 £
Future minimum lease payments due under finance leases:		
Within one year	17,067	27,692
In two to five years	7,102	24,613
	<u>24,169</u>	<u>52,305</u>

Finance lease payments represent rentals payable by the company 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. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

GHI CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

17 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	63,979	73,310

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. At 31 August 2021 contributions amounting to £8,469 (2020 - £5,254) were payable to the fund and were included in creditors.

18 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £0.001 each	850,001,650	850,001,650	850,002	850,002

Ordinary shares are non-redeemable and have full voting and participation rights.

19 Profit and loss account

The profit and loss account includes all current and prior year retained profit and losses.

20 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £	2020 £
Within one year	77,000	81,441
Between two and five years	263,109	308,000
In over five years	-	32,109
	340,109	421,550

21 Related party transactions

Transactions with related parties

Included within debtors is an amount of £1,070,505 (2020 - £943,865) due by GHI Contracts Holdings Limited, the parent company.

GHI Contracts Limited have provided the bank with a charge in respect of certain GHI Contracts Holdings Limited debt.

During the year the company rented office premises from GHI Contracts Holdings Limited. In the year to 31 August 2021, the rental charge for this period was £82,250 (2020 - £70,354) including service charges.

GHI CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

22 Directors' transactions

At the balance sheet date, the company was owed £21,880 from G Cairns (2020 - £21,880), £4,720 from S Hunter (2020 - £4,720), £4,720 from C Sibbald (2020 - £4,720) and the company owed G Holmes £555 (2020 - £555). The loans are interest free, with no particular terms of repayment. The maximum balance due from directors in the year was £30,765 (2020 - £30,765).

23 Ultimate controlling party

The company is wholly owned by GHI Contracts Holdings Limited, a company incorporated in the United Kingdom and registered in Scotland under company number SC501120. The address of its registered office is Belgrave Court, Rosehall Road, Bellshill Industrial Estate, ML4 3NR.

The largest and smallest group which the results of this company are consolidated within is that headed by the ultimate parent company GHI Contracts Holdings Limited.

Copies of the consolidated financial statements of GHI Contracts Holdings Limited are available from Companies House, 139 Fountainbridge, Edinburgh, EH3 9FF.

24 Performance Bonds

The company has entered into performance bonds in the normal course of business.