

Company registration number SC597418 (Scotland)

KEPPIE HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022

KEPPIE HOLDINGS LIMITED

COMPANY INFORMATION

Directors	Mr P W Moran Mr D F Ross Mr R MacDonald Mr F A Low
Secretary	Mrs. P Ross
Company number	SC597418
Registered office	160 West Regent Street Glasgow United Kingdom G2 4RL
Auditor	Azets Audit Services Titanium 1 King's Inch Place Renfrew Renfrewshire United Kingdom PA4 8WF

KEPPIE HOLDINGS LIMITED

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KEPPIE HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JULY 2022

The directors present the strategic report for the year ended 31 July 2022.

Fair review of the business

During the year ended 31 July 22 we gradually emerged from the impacts of a worldwide pandemic and started bringing our staff back to the office in August 21 on a hybrid working arrangement, allowing us to enjoy the benefits of face to face to collaboration and giving our Team the option of working from home two days per week. Whilst we traded successfully through the Pandemic we have enjoyed the re-invigoration of face to face working with colleagues.

The pandemic and other external economic factors such as exceptional inflationary pressures and increasing interest rates have combined to create a degree of uncertainty in the Construction Sector and we have been working closely with our clients to mitigate the impact. Our portfolio of work and expertise across a wide range of sectors, including Healthcare, City Centre Masterplanning, Sports and Leisure, Hospitality, Education and Residential has helped defray the risk to the Business caused by the uncertainty in the market.

During the year we worked on over 100 projects with almost 80% of our income stemming from our 18 largest projects. With the easing of the Pandemic restrictions we were delighted to see a number of our projects move fully into the Construction Stage and we were proud to see Completion of another couple of key projects, including the opening of the Barclays Buildings on the Banks of the Clyde.

Despite the economic uncertainties the company continued to secure new streams of work in the UK and beyond, including Concept Design for an overseas Film Studio, Fit Out work on a new upscale hotel in Edinburgh, Aberdeen City Centre Masterplanning, as well as others.

Following our annual staff survey in 2021 we have focussed on implementing a number of changes across the business and have invested in upgrading technology in all meeting spaces to allow for improved quality remote meetings. We also continued a programme to upgrade our IT hardware to enhance performance and allow more flexibility across our working environment. To enhance both project management and project financial performance we also launched a new Operating System in February 22. We continue to invest in IT and explore improved methodologies and processes for exemplary, efficient, compliant project design and delivery.

The Directors and senior management team continued to defend the Part 20 claim raised by a Contractor. This matter was settled to the satisfaction of both parties on 27th November 22.

During the year we saw a marked increase in our operating costs as suppliers started to increase prices and we continued to absorb the impact of exceptional Professional Indemnity insurance costs for Architecture Practices. Cost increases were exacerbated by changes in the employment market as many experienced and highly skilled designers and technologists opted to leave the profession resulting in high demand for available candidates, driving salary levels upward. We adopted a strategy designed to align the financial needs of the business with those of employees in a bid to offer a sustainable solution to the cost of living crisis. The Board also decided to pay inflationary bonuses to staff to help counter the impact of high prices on disposable incomes. The first bonus is payable in December 22.

At the beginning of the financial year we concluded our design work on 3 hospitals in Oman. Following a period of negotiation we reached agreement for the invoicing of final sums due on the projects in June 22, all of which was paid post year end.

Reflecting on trading for the year and the challenges presented we believe the company has shown a degree of financial resilience supported by a prudent cash management policy which has allowed us to come through the year in a strong position.

In the course of the year we reviewed our overarching Group Strategy establishing the need for a further work on Environmental and Sustainability Practices both in our Design Philosophy and in our Operating Environment to ensure we are at all times an Ethical Employer and Business. We continued our charitable fund raising efforts in support of Childrens Hospices Across Scotland (CHAS) and launched our Volunteering Initiative.

KEPPIE HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

Principal risks and uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks. These include but are not limited to:

- Staff recruitment and retention
- Project demand
- PI risks

Staff recruitment and retention

The Group mitigates recruitment and retention risk by creating an inclusive culture which encourages development and growth aligned to the individuals' personal goals. We also regularly review benefit packages to ensure they are attractive and encourage regular employee engagement through various platforms to ensure all staff have a voice within the business. In recognition of the importance of staff well-being we now have trained mental health first aiders in the business and have launched a series of communications and initiatives aimed at raising awareness of mental health issues.

Project Demand

The Group mitigates the risk associated with Project Demand by working across a wide range of sectors, which are publicly and privately financed, and employing high calibre staff to offer quality, affordable Design. We work hard to establish excellent client relationships to optimise opportunities for repeat business and adopt a lesson learned approach to ensure continuous improvement.

PI risks

The Group mitigates the risk associated with Professional Indemnity claims by undertaking regular and robust project reviews, ensuring consistency of performance and adherence to all relevant Legal and Regulatory matters.

Key performance indicators

The Group monitors a number of key financial performance indicators to measure progress including :

	Year ended 31 July 22	Year ended 31 July 21
EBITDA Margin	3.2%	4%
Utilisation rate	79%	81%
Employment costs as a %age of Turnover	57.9%	62.8%

Whilst turnover increased in the year by around 14% the Group also saw a similar increase in operating costs. During the year the profile of expenditure changed markedly with a substantial increase in non- salary overhead costs. Although EBITDA margin has declined marginally in the year the Group has successfully absorbed a substantial increase in non- salary overhead costs through project efficiencies and new work combined with a continuing level of high utilisation rates. Return to office working resulted in a small drop in average hours worked by staff although utilisation rates continue to be higher than Pre-Pandemic levels and we believe a return to face to face working has created a further layer of efficiency in the Design Process.

KEPPIE HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

Future outlook

As the UK approaches a forecast recession we have undertaken a full review of our activities and believe we are in strong position as a result of our Project Expertise and the High Calibre staff we employ. We have adopted a prudent approach to the Group's Financial Management and believe that robust forecasting and regular review of performance combined with early corrective action will allow us to weather any unforeseen changes in circumstances.

We have already secured a strong body of Project work for the year ended 31 July 23 and beyond and continue to explore other Project opportunities. The Group has recently increased project rates and we recognise the need to work with clients to deliver quality Design at affordable fee levels and our Product Team are working on solutions to create further efficiencies in our Design process.

The company recognises its impact goes beyond our bottom line and next year will roll out new Policies and Plans to manage our Environmental Impact as well as exploring how we can work with all stakeholders to improve our Social Impact. As a professional service business we recognise and strongly value our Team and will continue to work on creating a culture which responds to the changing needs both of our clients and staff.

Financial instruments

Our financial risk management objectives are to ensure there is sufficient working capital and cash flow for the Group to meet the operating needs of the Group and to ensure there is sufficient support for its strategy. This is achieved through careful management of our cash resources and by obtaining bank funding where necessary.

The Group is subject to low forex risk as the majority of its activities are within the UK. The Group's credit risk relates to its receivables and is managed through regular credit checks and evaluations of its customers. The Group also maintains a low gearing position and is thus exposed to minimal interest rate risk.

No treasury transactions or derivatives are entered into.

On behalf of the board

Mr P W Moran
Director

12 December 2022

KEPPIE HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2022

The directors present their annual report and financial statements for the year ended 31 July 2022.

Principal activities

The principal activity of the Group continued to be the provision of architecture, planning and interior design services both in the UK and Internationally.

Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid. 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 P W Moran
Mr D F Ross
Mr R MacDonald
Mr F A Low

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. It has done so in respect of financial instruments and associated risk.

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 P W Moran
Director

12 December 2022

KEPPIE HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 JULY 2022

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.

KEPPIE HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KEPPIE HOLDINGS LIMITED

Opinion

We have audited the financial statements of Keppie Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 July 2022 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 July 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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.

KEPPIE HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF KEPPIE HOLDINGS LIMITED

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 their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 parent 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.

KEPPIE HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF KEPPIE HOLDINGS 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 entity 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.

Other matters which we are required to address

Consolidated comparative information presented for the Group in the financial statements is derived from the prior period consolidated financial statements which were not audited.

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.

Alan Brown (Senior Statutory Auditor)
For and on behalf of Azets Audit Services

12 December 2022

Chartered Accountants
Statutory Auditor

Titanium 1
King's Inch Place
Renfrew
Renfrewshire
United Kingdom
PA4 8WF

KEPPIE HOLDINGS LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JULY 2022

		2022	2021
	Notes	£	£
Turnover	3	7,541,447	6,605,041
Operating expenses		(7,508,562)	(6,581,843)
Other operating income		69,234	134,706
Exceptional income	4	-	5,000,000
Restructuring costs	4	-	(6,614)
Exceptional provision	4	-	(5,000,000)
Operating profit	5	102,119	151,290
Interest receivable and similar income	9	11,075	2,575
Interest payable and similar expenses	10	(44,808)	(41,178)
Profit before taxation		68,386	112,687
Tax on profit	11	147,954	196,883
Profit for the financial year		216,340	309,570

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

KEPPIE HOLDINGS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2022

	2022 £	2021 £
Profit for the year	216,340	309,570
Other comprehensive income	-	-
Total comprehensive income for the year	<u>216,340</u>	<u>309,570</u>

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

KEPPIE HOLDINGS LIMITED

GROUP BALANCE SHEET

AS AT 31 JULY 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Intangible assets	12		34,419		26,632
Tangible assets	13		297,573		309,824
			<u>331,992</u>		<u>336,456</u>
Current assets					
Debtors	16	3,808,034		3,343,209	
Cash at bank and in hand		5,664,473		6,467,615	
		<u>9,472,507</u>		<u>9,810,824</u>	
Creditors: amounts falling due within one year	17	(1,846,801)		(2,193,258)	
Net current assets			<u>7,625,706</u>		<u>7,617,566</u>
Total assets less current liabilities			<u>7,957,698</u>		<u>7,954,022</u>
Creditors: amounts falling due after more than one year	18		(380,216)		(533,682)
Provisions for liabilities					
Provisions	21	5,158,970		5,216,264	
Deferred tax liability	22	4,559		-	
		<u>(5,163,529)</u>		<u>(5,216,264)</u>	
Net assets			<u><u>2,413,953</u></u>		<u><u>2,204,076</u></u>
Capital and reserves					
Called up share capital	24		100		100
Share premium account	25		114,156		114,156
Profit and loss reserves			2,299,697		2,089,820
Total equity			<u><u>2,413,953</u></u>		<u><u>2,204,076</u></u>

The financial statements were approved by the board of directors and authorised for issue on 12 December 2022 and are signed on its behalf by:

Mr P W Moran
Director

KEPPIE HOLDINGS LIMITED

COMPANY BALANCE SHEET

AS AT 31 JULY 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Investments	14		439,982		439,982
Current assets					
Debtors	16	156,697		92,441	
Cash at bank and in hand		80,436		279,939	
		<u>237,133</u>		<u>372,380</u>	
Creditors: amounts falling due within one year	17	<u>(562,797)</u>		<u>(671,636)</u>	
Net current liabilities			<u>(325,664)</u>		<u>(299,256)</u>
Total assets less current liabilities			114,318		140,726
Creditors: amounts falling due after more than one year	18		-		(22,309)
Net assets			<u>114,318</u>		<u>118,417</u>
Capital and reserves					
Called up share capital	24		100		100
Share premium account	25		114,156		114,156
Profit and loss reserves			62		4,161
Total equity			<u>114,318</u>		<u>118,417</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £2,363 (2021 - £15,206 profit).

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

The financial statements were approved by the board of directors and authorised for issue on 12 December 2022 and are signed on its behalf by:

Mr P W Moran
Director

Company Registration No. SC597418

KEPPIE HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JULY 2022

	Share capital	Share premium account	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 August 2020	100	114,156	1,796,245	1,910,501
Year ended 31 July 2021:				
Profit and total comprehensive income for the year	-	-	309,570	309,570
Other movements	-	-	(15,995)	(15,995)
Balance at 31 July 2021	100	114,156	2,089,820	2,204,076
Year ended 31 July 2022:				
Profit and total comprehensive income for the year	-	-	216,340	216,340
Other movements	-	-	(6,463)	(6,463)
Balance at 31 July 2022	100	114,156	2,299,697	2,413,953

KEPPIE HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JULY 2022

	Share capital	Share premium account	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 August 2020	100	114,156	4,950	119,206
Year ended 31 July 2021:				
Profit and total comprehensive income for the year	-	-	15,206	15,206
Other movements	-	-	(15,995)	(15,995)
Balance at 31 July 2021	100	114,156	4,161	118,417
Year ended 31 July 2022:				
Profit and total comprehensive income for the year	-	-	2,364	2,364
Other movements	-	-	(6,463)	(6,463)
Balance at 31 July 2022	100	114,156	62	114,318

KEPPIE HOLDINGS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	30				
		(326,844)		3,374,771	
Interest paid		(51,271)		(57,173)	
Income taxes refunded		148,063		166,187	
Net cash (outflow)/inflow from operating activities		(230,052)		3,483,785	
Investing activities					
Purchase of intangible assets		(20,250)		(4,380)	
Purchase of tangible fixed assets		(116,470)		(43,344)	
Proceeds on disposal of tangible fixed assets		-		2,106	
Interest received		11,075		2,575	
Net cash used in investing activities		(125,645)		(43,043)	
Financing activities					
Proceeds from borrowings		713,245		1,165,160	
Repayment of borrowings		(984,421)		(725,018)	
Proceeds of new bank loans		-		500,000	
Repayment of bank loans		(41,667)		-	
Payment of finance leases obligations		(52,812)		(59,906)	
Net cash (used in)/generated from financing activities		(365,655)		880,236	
Net (decrease)/increase in cash and cash equivalents		(721,352)		4,320,978	
Cash and cash equivalents at beginning of year		6,358,181		2,037,203	
Effect of foreign exchange rates		27,644		-	
Cash and cash equivalents at end of year		5,664,473		6,358,181	
Relating to:					
Cash at bank and in hand		5,664,473		6,467,615	
Bank overdrafts included in creditors payable within one year		-		(109,434)	

KEPPIE HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2022

1 Accounting policies

Company information

Keppie Holdings Limited ("the company") is a private company limited by shares incorporated in Scotland. The registered office is 160 West Regent Street, Glasgow, United Kingdom, G2 4RL.

The group consists of Keppie Holdings 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. The principal accounting policies adopted are set out below.

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

- Section 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: Interest income/expense and net gains/losses for financial instruments not measured at fair value; 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 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

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.

KEPPIE HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

1 Accounting policies

(Continued)

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Keppie Holdings 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 July 2022. 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.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

1.4 Going concern

The directors are required to prepare the statutory financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

In satisfaction of this responsibility, they have reviewed the current and future financial position of the company and its ability to meet its liabilities as they fall due. This assessment considers the company's principal risks and uncertainties and its future cash flow projections.

Following their review, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

The company's secured pipeline of work has provided further assurance regarding its financial position.

As such, the directors consider that it is appropriate to prepare the financial statements on the going concern basis.

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, 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.

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.

Turnover is only recognised in the financial statements when there is a contractual right to consideration.

KEPPIE HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

1 Accounting policies

(Continued)

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation 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:

Website development & software	25% straight line
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1.7 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:

Leasehold improvements	20% straight line
Fixtures and fittings	10% straight line
Computer equipment	25% straight line

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.

1.8 Fixed asset investments

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

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

1.9 Impairment of fixed assets

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

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

KEPPIE HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.10 Cash and cash equivalents

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

1.11 Financial instruments

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

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

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

Basic financial assets

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

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.

KEPPIE HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

1 Accounting policies

(Continued)

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 group 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 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.

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.

KEPPIE HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

1 Accounting policies

(Continued)

Derecognition of financial liabilities

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

1.12 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.13 Taxation

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

Current tax

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

Deferred tax

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

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

1.14 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

KEPPIE HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

1 Accounting policies

(Continued)

1.15 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.

1.16 Retirement benefits

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

1.17 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.

1.18 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.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

1.19 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.

1.20 Exceptional items

Exceptional items are items that are unusual because of their size, nature or incidence and which the directors consider should be disclosed separately to enable a full understanding of the company's results.

KEPPIE HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

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.

Critical judgements and estimates

The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements.

Revenue recognition

Revenue on professional service contracts is recognised according to the stage of completion reached on the contract. The company estimates the outcome of its contracts and judgement is required as regards the assessment of the stage of completion and final profit anticipated.

Provisions

Amounts recognised as provisions are the best estimate of the amounts required to settle present obligations at the balance sheet date, after taking account of the risks and uncertainties surrounding the obligation. The outcome depends on future events which are by their nature uncertain. The likely outcome is assessed based on historical experience and other factors that are believed to be reasonable in the circumstances.

Business combination

There were various estimates and judgements applied in the acquisition of Keppie Design Limited.

Fair values of assets & liabilities acquired in business combinations are assessed by Management based on their knowledge of the industry and physical conditions of the assets acquired.

On initial recognition, deferred consideration provided on an interest free or below market rate basis is required to be booked at fair value. As there is no active market, the fair value is estimated by Management by discounting the amounts payable to the present value using a market rate for a similar instrument.

Management assess the useful life of goodwill arising on a business combination and amortise the goodwill over this period. Where negative goodwill arises, this is released to the profit and loss over the periods in which the fair values of the underlying assets acquired are recovered.

Interest free financial instruments

The company estimates the effective discount rate applied to expected future payments to determine the value of interest free financial instruments on an amortised cost basis. This is based on historical experience and the market rate of similar financial instruments.

KEPPIE HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

3 Turnover and other revenue

	2022	2021
	£	£
Turnover analysed by geographical market		
United Kingdom	7,109,415	3,983,056
Europe	118,927	-
Rest of the World	313,105	2,621,985
	<u>7,541,447</u>	<u>6,605,041</u>
	2022	2021
	£	£
Other revenue		
Interest income	11,075	2,575
Grants received	6,127	67,134
	<u>17,202</u>	<u>69,709</u>

All turnover relates to the provision of architecture, planning and interior design services.

4 Exceptional items

	2022	2021
	£	£
Expenditure		
Exceptional income	-	(5,000,000)
Reorganisation costs	-	6,614
Exceptional provision	-	5,000,000
	<u>-</u>	<u>6,614</u>

Please refer to note 21 for an explanation of exceptional income and provision in the prior year. There was no exceptional items arising in the current year.

5 Operating profit

	2022	2021
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(27,644)	-
Government grants	(6,127)	(67,134)
Depreciation of owned tangible fixed assets	94,138	64,166
Depreciation of tangible fixed assets held under finance leases	34,583	52,006
Profit on disposal of tangible fixed assets	-	(192)
Amortisation of intangible assets	12,463	8,642
Operating lease charges	539,263	531,197
	<u>556,572</u>	<u>588,685</u>

KEPPIE HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

6 Auditor's remuneration

	2022 £	2021 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	7,500	2,750
Audit of the financial statements of the company's subsidiaries	17,250	14,000
	<u>24,750</u>	<u>16,750</u>

7 Employees

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

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Employees	91	90	4	4

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	3,760,099	3,578,281	415,558	401,239
Social security costs	400,438	374,033	48,507	50,197
Pension costs	205,850	193,538	114,267	101,616
	<u>4,366,387</u>	<u>4,145,852</u>	<u>578,332</u>	<u>553,052</u>

8 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	415,558	401,239
Company pension contributions to defined contribution schemes	114,267	101,616
	<u>529,825</u>	<u>502,855</u>

KEPPIE HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

8 Directors' remuneration

(Continued)

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

	2022 £	2021 £
Remuneration for qualifying services	110,483	105,397
Company pension contributions to defined contribution schemes	27,061	25,000
	<u>137,544</u>	<u>130,397</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2021: 4).

9 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Interest on bank deposits	255	183
Other interest income	10,820	2,392
	<u>11,075</u>	<u>2,575</u>

10 Interest payable and similar expenses

	2022 £	2021 £
Interest on bank overdrafts and loans	41,930	29,924
Other interest on financial liabilities	1,340	8,030
Interest on finance leases and hire purchase contracts	1,538	3,224
	<u>44,808</u>	<u>41,178</u>

11 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	2,050	-
Adjustments in respect of prior periods	(154,563)	(175,633)
	<u>(152,513)</u>	<u>(175,633)</u>
Deferred tax		
Origination and reversal of timing differences	4,559	(21,250)
	<u>4,559</u>	<u>(21,250)</u>
Total tax credit	<u>(147,954)</u>	<u>(196,883)</u>

KEPPIE HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

11 Taxation

(Continued)

The actual credit 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:

	2022 £	2021 £
Profit before taxation	68,386	112,687
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	12,993	21,411
Tax effect of expenses that are not deductible in determining taxable profit	3,103	673
Adjustments in respect of prior years	-	(21,104)
Research and development tax credit	(154,563)	(154,529)
Other permanent differences	(1,889)	-
Deferred tax adjustments in respect of prior years	4,398	(3,265)
Movement in deferred tax not recognised	(11,996)	(40,069)
Taxation credit	(147,954)	(196,883)

12 Intangible fixed assets

Group	Website development & software £
Cost	
At 1 August 2021	36,480
Additions	20,250
At 31 July 2022	56,730
Amortisation and impairment	
At 1 August 2021	9,848
Amortisation charged for the year	12,463
At 31 July 2022	22,311
Carrying amount	
At 31 July 2022	34,419
At 31 July 2021	26,632

The company had no intangible fixed assets at 31 July 2022 or 31 July 2021.

KEPPIE HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

13 Tangible fixed assets

Group	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 August 2021	205,694	259,841	929,715	1,395,250
Additions	83,445	3,012	30,013	116,470
Disposals	-	(115,101)	(597,296)	(712,397)
At 31 July 2022	289,139	147,752	362,432	799,323
Depreciation and impairment				
At 1 August 2021	83,792	242,710	758,924	1,085,426
Depreciation charged in the year	51,173	2,307	75,241	128,721
Eliminated in respect of disposals	-	(115,101)	(597,296)	(712,397)
At 31 July 2022	134,965	129,916	236,869	501,750
Carrying amount				
At 31 July 2022	154,174	17,836	125,563	297,573
At 31 July 2021	121,902	17,131	170,791	309,824

The company had no tangible fixed assets at 31 July 2022 or 31 July 2021.

14 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	15	-	-	439,982	439,982

Movements in fixed asset investments

Company	Shares in subsidiaries £
Cost or valuation	
At 1 August 2021 and 31 July 2022	439,982
Carrying amount	
At 31 July 2022	439,982
At 31 July 2021	439,982

15 Subsidiaries

Details of the company's subsidiaries at 31 July 2022 are as follows:

KEPPIE HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

15 Subsidiaries

(Continued)

Name of undertaking	Registered office	Class of shares held	% Held	
			Direct	Indirect
Keppie Design Limited	160 West Regent Street, Glasgow, G2 4RL	Ordinary	100.00	-
Keppie International Limited	160 West Regent Street, Glasgow, G2 4RL	Ordinary	0	100.00
Keppie Interior Design Limited	160 West Regent Street, Glasgow, G2 4RL	Ordinary	0	100.00
Keppie Planning Limited	160 West Regent Street, Glasgow, G2 4RL	Ordinary	0	100.00

16 Debtors

	Group 2022 £	2021 £	Company 2022 £	2021 £
Amounts falling due within one year:				
Trade debtors	2,385,958	931,351	-	-
Gross amounts owed by contract customers	472,822	1,221,214	-	-
Corporation tax recoverable	26,250	19,500	26,250	19,500
Amounts owed by group undertakings	-	-	57,044	-
Other debtors	50,324	19,598	17,485	16,380
Prepayments and accrued income	816,762	1,094,985	-	-
	3,752,116	3,286,648	100,779	35,880
Deferred tax asset (note 22)	1,771	1,771	1,771	1,771
	3,753,887	3,288,419	102,550	37,651
Amounts falling due after more than one year:				
Other debtors	54,147	54,790	54,147	54,790
Total debtors	3,808,034	3,343,209	156,697	92,441

KEPPIE HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

17 Creditors: amounts falling due within one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans and overdrafts	19	88,774	148,663	-	-
Obligations under finance leases	20	32,452	45,319	-	-
Other borrowings	19	427,920	699,096	-	-
Payments received on account		167,028	355,389	-	-
Trade creditors		417,922	306,509	-	-
Amounts owed to group undertakings		-	-	314,932	473,746
Corporation tax payable		8,800	6,500	8,800	6,500
Other taxation and social security		270,036	357,463	42,643	56,009
Other creditors		136,083	115,436	134,005	111,048
Accruals and deferred income		297,786	158,883	62,417	24,333
		<u>1,846,801</u>	<u>2,193,258</u>	<u>562,797</u>	<u>671,636</u>

Other creditors includes deferred consideration in respect of the acquisition of Keppie Design Limited.

Deferred consideration is payable in instalments with the final payments due in the year to 31 July 2023.

18 Creditors: amounts falling due after more than one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans and overdrafts	19	369,559	460,771	-	-
Obligations under finance leases	20	10,657	50,602	-	-
Other creditors		-	22,309	-	22,309
		<u>380,216</u>	<u>533,682</u>	<u>-</u>	<u>22,309</u>

19 Loans and overdrafts

	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans	458,333	500,000	-	-
Bank overdrafts	-	109,434	-	-
Other loans	427,920	699,096	-	-
	<u>886,253</u>	<u>1,308,530</u>	<u>-</u>	<u>-</u>
Payable within one year	516,694	847,759	-	-
Payable after one year	369,559	460,771	-	-

Bank loans and overdrafts are secured by bond and floating charge over the assets of the group.

KEPPIE HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

20 Finance lease obligations

	Group 2022 £	2021 £	Company 2022 £	2021 £
Future minimum lease payments due under finance leases:				
Within one year	32,452	45,319	-	-
In two to five years	10,657	50,602	-	-
	<u>43,109</u>	<u>95,921</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the company for certain items of equipment. 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.

Obligations under finance leases are secured over the assets to which they relate.

21 Provisions for liabilities

	Group 2022 £	2021 £	Company 2022 £	2021 £
Provisions for contract losses	158,970	216,264	-	-
Other provisions	5,000,000	5,000,000	-	-
	<u>5,158,970</u>	<u>5,216,264</u>	<u>-</u>	<u>-</u>

Movements on provisions:

	Provisions for contract losses £	Other provisions £	Total £
Group			
At 1 August 2021	216,264	5,000,000	5,216,264
Additional provisions in the year	264,460	-	264,460
Utilisation of provision	(321,754)	-	(321,754)
	<u>158,970</u>	<u>5,000,000</u>	<u>5,158,970</u>

Other provisions includes an amount in respect of a claim against a contractor, in which the company has been attached as a Part 20 defendant. Settlement has been reached post year end in respect of this claim.

KEPPIE HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

22 Deferred taxation

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

	Liabilities 2022 £	Liabilities 2021 £	Assets 2022 £	Assets 2021 £
Group				
Accelerated capital allowances	45,385	-	-	-
Tax losses	(38,816)	-	-	-
Retirement benefit obligations	-	-	1,771	1,771
Short term timing differences	(2,010)	-	-	-
	<u>4,559</u>	<u>-</u>	<u>1,771</u>	<u>1,771</u>
	<u><u>4,559</u></u>	<u><u>-</u></u>	<u><u>1,771</u></u>	<u><u>1,771</u></u>
	Liabilities 2022 £	Liabilities 2021 £	Assets 2022 £	Assets 2021 £
Company				
Retirement benefit obligations	-	-	1,771	1,771
	<u>-</u>	<u>-</u>	<u>1,771</u>	<u>1,771</u>
	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>1,771</u></u>	<u><u>1,771</u></u>
			Group 2022 £	Company 2022 £
Movements in the year:				
Asset at 1 August 2021			(1,771)	(1,771)
Charge to profit or loss			4,559	-
			<u>4,559</u>	<u>-</u>
Liability/(Asset) at 31 July 2022			<u>2,788</u>	<u>(1,771)</u>
			<u><u>2,788</u></u>	<u><u>(1,771)</u></u>

23 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	205,850	193,538
	<u>205,850</u>	<u>193,538</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. £17,557 (2021 - £16,822) of contributions were payable to the fund at the balance sheet date and are included within creditors.

KEPPIE HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

24 Share capital

Group and company	2022	2021	2022	2021
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary shares of £1 each	100	100	100	100

25 Share premium account

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
At the beginning and end of the year	114,156	114,156	114,156	114,156

26 Operating lease commitments

Lessee

Operating lease commitments represent rentals payable by the company for the lease of office premises amongst others.

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

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Within one year	533,356	446,143	-	-
Between two and five years	1,801,318	1,715,012	-	-
In over five years	1,302,005	1,724,433	-	-
	3,636,679	3,885,588	-	-

27 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Acquisition of tangible fixed assets	62,000	-	-	-

KEPPIE HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

28 Directors' transactions

No dividends were declared during the current or prior year.

Description	% Rate	Opening balance £	Amounts advanced £	Amounts repaid £	Closing balance £
Interest free loans	-	85,000	20,000	(25,000)	80,000
		<u>85,000</u>	<u>20,000</u>	<u>(25,000)</u>	<u>80,000</u>

29 Controlling party

The company is controlled by its Board of Directors. No one party possesses control over the company as all investors have an equal share of the company with equal voting rights.

30 Cash (absorbed by)/generated from group operations

	2022 £	2021 £
Profit for the year after tax	216,340	309,570
Adjustments for:		
Taxation credited	(147,954)	(196,883)
Finance costs	44,808	41,178
Investment income	(11,075)	(2,575)
Gain on disposal of tangible fixed assets	-	(192)
Amortisation and impairment of intangible assets	12,463	8,642
Depreciation and impairment of tangible fixed assets	128,721	116,172
Foreign exchange gains on cash equivalents	(27,644)	-
(Decrease)/increase in provisions	(57,294)	5,078,550
Movements in working capital:		
Increase in debtors	(458,075)	(861,858)
Decrease in creditors	(27,134)	(1,117,833)
Cash (absorbed by)/generated from operations	<u>(326,844)</u>	<u>3,374,771</u>

KEPPIE HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

31 Analysis of changes in net funds - group

	1 August 2021	Cash flows	Exchange rate movements	31 July 2022
	£	£	£	£
Cash at bank and in hand	6,467,615	(830,786)	27,644	5,664,473
Bank overdrafts	(109,434)	109,434	-	-
	<u>6,358,181</u>	<u>(721,352)</u>	<u>27,644</u>	<u>5,664,473</u>
Borrowings excluding overdrafts	(1,199,096)	312,843	-	(886,253)
Obligations under finance leases	(95,921)	52,812	-	(43,109)
	<u>5,063,164</u>	<u>(355,697)</u>	<u>27,644</u>	<u>4,735,111</u>

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.