Registered number: 02765394

THORNSETT STRUCTURES LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2022

LUBBOCK FINE LLP
Chartered Accountants
Paternoster House
65 St Paul's Churchyard
London EC4M 8AB

THORNSETT STRUCTURES LIMITED **REGISTERED NUMBER:02765394**

BALANCE SHEET

AS AT 31 JULY 2022

	Note		2022 £		2021 £
Fixed assets					
Investments	4		-		1
			-		1
Current assets					
Debtors: amounts falling due within one year	5	37,861		3,402,678	
Bank and cash balances	6	15		5,085	
		37,876		3,407,763	
Creditors: amounts falling due within one year	7	(1,655,803)		(4,908,512)	
Net current liabilities			(1,617,927)		(1,500,749)
Total assets less current liabilities			(1,617,927)		(1,500,748)
Creditors: amounts falling due after more than one year	8		-		(42,892)
Net liabilities			(1,617,927)		(1,543,640)
Capital and reserves					
Called up share capital	9		2		2
Profit and loss account			(1,617,929)		(1,543,642)
			(1,617,927)		(1,543,640)

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Gerard Cunningham

Gerard Cunningham
Director

Date: 31 January 2023

The notes on pages 2 to 7 form part of these financial statements.

1. General information

Thornsett Structures Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act. Its registered office and principal place of business is 34 Margery Street, London, WC1X 0JJ.

The financial statements are presented in sterling which is the functional currency of the company, and rounded to the nearest £.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The following principal accounting policies have been applied:

2.2 Going concern

The company manages its working capital requirements through the support of group companies. During the year ended 31 July 2022 the company made a loss after tax of £74,287 (2021 - £457,718) and at 31 July 2022 had net liabilities of £1,617,927 (2021 - £1,543,640).

From a group perspective the final units at Penn Street have been sold subsequent to the year end, construction of the project in Purley has continued throughout 2022 and 2023 which will realise additional profits in 2023 and the project in Battersea is expected to be completed and sell during 2023. Construction of the first phase of YMCA Wimbledon commenced in 2023 and phase 2 comprising 135 residential apartments is expected to commence later in 2023. During the year the Group acquired, through a joint venture, a doctor's surgery in Westbourne Grove London where construction has commenced post year end to build a new doctors surgery and 9 High End residential apartments for sale. The group has no current projects with any planning uncertainty. These projects are expected to deliver significant cash and profits back into the business, which will enable the business to reduce and re-position debt and provide the equity for future projects.

The Group is in detailed discussion on a number of future partnering projects which are expected to add in excess of 200 residential units to the development pipeline in the coming year.

Based on detailed profits and cashflow forecasts prepared for the company and group the directors believe it is appropriate to adopt the going concern basis of accounting in preparing the annual financial statements.

The detailed forecasts of the company and group include:
- estimated values and timings on anticipated property sales and further development costs.
- the ability to negotiate loan renewals or payment deferrals with external borrowers
- the ability to obtain alternative finance should any of the negotiations with existing borrowers be unsuccessful
- the ability to secure additional finance to facilitate ongoing developments.
- the ability of other members of the Thornsett group to provide working capital support

The directors believe and have a reasonable expectation that the company will continue in

2. Accounting policies (continued)

2.2 Going concern (continued)

operational existence for the foreseeable future. Therefore, they believe it is appropriate to adopt the going concern basis of accounting in preparing the annual financial statements.

In reaching their decision regarding the going concern status of the Group, the directors have reviewed the potential impact of the COVID-19 pandemic, and while this had a significant impact on the business over the past two years they do not believe that this will have a significant impact going forwards as construction is considered a key service and is able to operate during any lockdown measures put in place by the government. The increase in construction costs is levelling out and the supply chain blockages have eased which is taking pressure of our future construction costs.

If the company is unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the balance sheet values of assets to their recoverable amounts and provide for further liabilities that might arise.

2.3 Exemption from preparing consolidated financial statements

The Company was a parent company that was also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of any part of the United Kingdom and was therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

2.4 Revenue

Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Revenue is recognised in the Profit and Loss account when the significant risks and rewards of ownership have been transferred to the purchaser. Revenue in respect of the sale of residential and commercial properties is recognised on legal completion or unconditional exchange.

Where the outcome of a long term contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract at the Balance Sheet date. Stage of completion is estimated with reference to valuation certificates issued by the third party surveyor.

Where the outcome of a long term contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately.

2.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.6 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2. Accounting policies (continued)

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.8 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

2.9 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.10 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

3. Employees

The average monthly number of employees, excluding directors, during the year was nil (2021 - nil).

4. Fixed asset investments

	Investments in subsidiary companies £
At 1 August 2021	1
Disposals	(1)
At 31 July 2022	-

5. Debtors

	2022 £	2021 £
Trade debtors	2,262	2,262
Amounts owed by group undertakings	-	1,614,586
Other debtors	25,308	25,309
Prepayments and accrued income	10,291	1,760,521
	37,861	3,402,678

6. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	15	5,085

7. Creditors: Amounts falling due within one year

	2022 £	2021 £
Bank loans	42,892	7,108
Trade creditors	7,317	66,029
Amounts owed to group undertakings	1,275,991	4,688,937
Other taxation and social security	307,511	9,189
Accruals and deferred income	22,092	137,249
	1,655,803	4,908,512

Bank loans are interest free to the company for 12 months from which interest will be charged at at a rate of 2.5%. The loans are unsecured and repayable on demand.

8. Creditors: Amounts falling due after more than one year

	2022 £	2021 £
Bank loans	-	42,892

9. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
2 (2021 - 2) Ordinary shares of £1.00 each	2	2

10. Contingent liabilities

Thornsett Structures Limited has entered in to an unlimited multilateral guarantee with its parent company and some of its fellow subsidiaries in respect of the groups' bank overdraft facility. At the balance sheet date the net overdraft position was £nil (2021: £nil).

11. Related party transactions

During the year, the company entered into transactions, in the ordinary course of business, with related parties.

Transactions entered into, and balances outstanding at 31 July, requiring disclosure are as follows:

	2022 £	2021 £
Amounts due to such entities	-	4,688,937
Amounts due from such entities	-	1,744,270
Sales to such entities	(35,284)	(192,991)

Included within sales to group companies in the table above is £35,284 (2021 - £nil) to a company that ceased to be a related party part way through the year. There were no outstanding balances with this company at the reporting date.

12. Ultimate parent undertaking

The ultimate parent company is Thornsett Cunningham Holdings Limited, a company registered in Cyprus.

The immediate parent company of the company and the parent undertaking of the smallest and largest group to consolidate the accounts of the company is Thornsett Group Plc whose registered office is 34 Margery Street, London, WC1X 0JJ. A copy of the group accounts can be obtained from Companies House.

13. Auditors' information

The auditors' report on the financial statements for the year ended 31 July 2022 was unqualified.

The audit report was signed by Lee Facey (Senior Statutory Auditor) on behalf of Lubbock Fine LLP.