

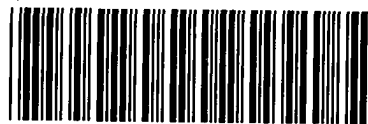
J R Smart (Builders) Limited

**Directors' report and financial
statements**

Registered number 1148586

31 December 2014

WEDNESDAY



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Strategic Report

The directors present their Strategic Report, prepared in accordance with The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

Principal activities

The principal activity of the Company during the year was property development.

Business review

- Overheads were again controlled in line with expectations.
- Increases in sales were achieved in 2014, as a result of disposals at Capital Quarter and Capital Business Park.
- The directors consider the granting of leases in relation to trading stock of properties significantly enhances the attractiveness of the properties to potential purchasers.

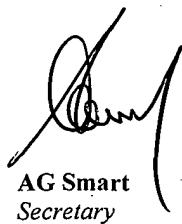
Financial risk report

- Development projects are only started (or sites acquired) after our Quantity Surveyor and Agents have carried out suitable due diligence on our behalf.
- At the time of signing we have a two year facility with our funding partner, Bank of Scotland.

Outlook

- Development activity continues apace at Capital Quarter, with increasing interest from investors in this exciting major project.

By order of the board



AG Smart
Secretary

7/8 Park Place
Cardiff
CF10 3DP

28

September 2015

Directors' Report

The directors have pleasure in presenting their annual report and the audited financial statements for the year ended 31 December 2014.

Dividend paid

No dividends were paid during the year (2013: £Nil).

Directors

The directors who held office during the year were:

J R Smart (Chairman)
AG Smart
GE Smart

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

By order of the board


AG Smart
Secretary

7/8 Park Place
Cardiff
CF10 3DP

28 September 2015

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 judgments and 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; and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX
United Kingdom

Independent auditor's report to the members of JR Smart (Builders) Limited

We have audited the financial statements of JR Smart (Builders) Limited for the year ended 31 December 2014 set out on pages 6 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Independent auditor's report to the members of JR Smart (Builders) Limited
(continued)

Matters on which we are required to report by exception

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.

Virginia Stevens

Virginia Stevens (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX
United Kingdom

30 September 2015

Profit and loss account
for the year ended 31 December 2014

	<i>Note</i>	2014 £	2013 £
Turnover	<i>1</i>	18,870,392	8,057,136
Cost of sales		(15,608,992)	(6,822,930)
Gross profit		3,261,400	1,234,206
Administrative expenses		(1,651,430)	(1,316,226)
Other operating income	<i>1</i>	1,980,191	1,270,487
Operating profit	<i>2</i>	3,590,161	1,188,467
Interest receivable and similar income	<i>5</i>	12	892
Interest payable and similar charges	<i>6</i>	(299,763)	(643,457)
Profit on ordinary activities before taxation		3,290,410	545,902
Tax on profit on ordinary activities	<i>7</i>	(708,477)	(176,071)
Profit for the financial year	<i>16</i>	2,581,933	369,831

There are no recognised gains and losses other than the profit for the years reported above which relate entirely to continuing activities. There is also no difference between the profit for either of the financial years stated above and their historical cost equivalents.

The notes on pages 9 to 17 form part of these financial statements.

Balance sheet
at 31 December 2014

	Note	2014		2013	
		£	£	£	£
Fixed assets					
Tangible assets	8		86,745		85,331
Investments	9		9,000		9,000
			<hr/>		<hr/>
			95,745		94,331
Current assets					
Stocks	10	16,972,197		26,710,284	
Debtors	11	1,527,173		2,308,959	
Cash at bank and in hand		415		32	
		<hr/>		<hr/>	
		18,499,785		29,019,275	
Creditors: amounts falling due within one year	12	(1,308,012)		(2,808,021)	
		<hr/>		<hr/>	
Net current assets			17,191,773		26,211,254
Debtors: amounts falling due after more than one year	11		4,650,000		5,850,000
			<hr/>		<hr/>
Total assets less current liabilities			21,937,518		32,155,585
Creditors: amounts falling due after more than one year	13		(5,250,000)		(18,050,000)
			<hr/>		<hr/>
Net assets			16,687,518		14,105,585
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	15		1,500		1,500
Profit and loss account	16		16,686,018		14,104,085
			<hr/>		<hr/>
Equity shareholders' funds	17		16,687,518		14,105,585
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 28 September 2015 and were signed on its behalf by:


JR Smart
Chairman

Company registered number: 1148586

Cash flow statement
for the year ended 31 December 2014

	<i>Note</i>	2014 £	2013 £
Cash inflow/(outflow) from operating activities		14,076,343	(4,033,606)
Returns on investment and servicing of finance	22	(299,751)	(642,565)
Taxation (paid)/received		(140,128)	157,929
Capital expenditure and financial investment	22	(23,000)	-
Financing	22	(13,400,000)	4,243,846
		<hr/>	<hr/>
Increase/(decrease) in cash in the year		213,464	(274,396)
		<hr/>	<hr/>

Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

	2014 £	2013 £
Operating profit	3,590,161	1,188,467
Write off of investment	-	100
Depreciation charges	21,586	28,092
Decrease in stocks	9,738,087	1,072,729
Decrease/(increase) in debtors	1,719,962	(7,481,200)
(Decrease)/increase in creditors	(993,453)	1,158,206
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	14,076,343	(4,033,606)
	<hr/>	<hr/>

Reconciliation of net cash flow to movement in net debt

	<i>Note</i>	2014 £	2013 £
Increase/(decrease) in cash in the year		213,464	(274,396)
Decrease in director's loan	23	600,000	56,154
Decrease/(increase) in bank loan	23	12,800,000	(4,300,000)
Net debt at the beginning of the year	23	(19,014,665)	(14,496,423)
		<hr/>	<hr/>
Net debt at the end of the year	23	(5,401,201)	(19,014,665)
		<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Going concern

The company is profitable and has a strong balance sheet, with net current assets of £17.2m and net assets of £16.7m. Furthermore, the forecasts for the next twelve months indicate that the company will continue to be profitable and cash generative and meet its obligations as they fall due and for at least twelve months from the date of approval of the financial statements. Accordingly, the directors consider it appropriate to continue to prepare the financial statements on a going concern basis.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful economic lives as follows:

Leasehold improvements	-	life of lease
Fixtures and fittings	-	15% per annum reducing balance
Plant and machinery	-	25% per annum reducing balance
Motor vehicles	-	25% per annum reducing balance

Stocks - work in progress and property held for resale

Stocks are stated at the lower of cost and net realisable value. Cost comprises land, materials, direct labour and an appropriate proportion of construction overheads.

Investments

Investments are shown at cost less provision for any impairment.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19. Deferred tax assets are recognised to the extent that they are regarded as recoverable. They are regarded as recoverable to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Turnover

Turnover comprises the value of sales (excluding VAT) of properties and related services (including service charges) of properties located in the United Kingdom. Turnover is recognised when the risks and rewards are transferred to the customer. This is normally on transfer of legal title (for sales of properties), or when the services are provided (for services of properties).

Notes (continued)

1 Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on a straight line basis over the lease term.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Other operating income

Other income represents rents receivable from tenants of properties in the course of development and income generated out of activities that are not related to property sales. Other operating income is recognised on an accruals basis.

2 Operating profit

Operating profit is stated after charging:

	2014 £	2013 £
Depreciation	21,586	28,092
Auditors' remuneration		
- audit of these financial statements	17,000	17,000
- other services relating to taxation	18,000	18,000
Operating lease payments in respect of other operating leases	24,165	24,165
	<u> </u>	<u> </u>

3 Remuneration of directors

	2014 £	2013 £
Directors' emoluments:		
Remuneration (including benefits in kind)	829,371	805,514
	<u> </u>	<u> </u>

The highest paid director received remuneration of £376,810 (2013: £358,016). No pension contributions are accruing for this director (2013: £Nil).

Retirement benefits are accruing to 2 directors (2013: two directors) under a defined contribution pension scheme.

Notes (continued)

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2014	2013
Administration	5	5
Site workers	4	3
	<u>9</u>	<u>8</u>

The aggregate payroll costs of these persons were as follows:

	2014	2013
	£	£
Wages and salaries	833,253	850,088
Social security costs	97,149	120,075
	<u>930,402</u>	<u>970,163</u>

5 Interest receivable and similar income

	2014	2013
	£	£
Bank interest receivable	<u>12</u>	<u>892</u>

6 Interest payable and similar charges

	2014	2013
	£	£
On bank overdraft and loans	299,763	553,160
On other loans	-	90,297
	<u>299,763</u>	<u>643,457</u>

Notes (continued)

7 Taxation

The charge for taxation comprises:

	2014 £	2013 £
UK Corporation tax		
Current tax on income for the year	446,653	140,128
Adjustments in respect of previous years	-	-
Total current tax	446,653	140,128
Deferred tax (see note 14)		
Origination and reversal of timing differences	261,824	35,943
Tax on profit on ordinary activities	708,477	176,071

Factors affecting the tax charge for the year:

The current tax charge for the year is lower (2013: higher) than the standard rate of corporation tax in the UK of 21.5% (2013: 23.5%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	3,290,410	545,902
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013: 23.5%)	707,438	128,287
Expenses not allowable for tax purposes	20,844	16,340
Difference between depreciation and capital allowances	(2,376)	4,140
Corporation tax rate change	(168)	(1,602)
Utilisation of losses	(279,085)	-
Small companies relief	-	(7,037)
Current tax for the year	446,653	140,128

Reductions in the UK corporation tax rate to 21% (effective from 1 April 2014), and 20% (effective from 1 April 2015), were substantively enacted on 2 July 2013.

The deferred tax asset at 31 December 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

Notes (continued)

8 Tangible fixed assets

	Leasehold improvements £	Fixtures and fittings £	Plant and machinery £	Motor vehicles £	Total £
Cost					
At beginning of year	13,755	23,098	13,740	177,009	227,602
Additions	-	-	23,000	-	23,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	13,755	23,098	36,740	177,009	250,602
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At beginning of year	13,755	20,842	13,439	94,235	142,271
Charge for the year	-	338	555	20,693	21,586
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	13,755	21,180	13,994	114,928	163,857
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At end of year	-	1,918	22,746	62,081	86,745
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At beginning of year	-	2,256	301	82,774	85,331
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

9 Fixed assets investments

	Unlisted Investments £
Cost	
At 1 January 2014 and 31 December 2014	9,000
	<hr/>

Unlisted investments

Investments are unquoted and, in the opinion of the directors, their market value is not materially different from their cost.

10 Stocks

	2014 £	2013 £
Work in progress and property for resale	16,972,197	26,710,284
	<hr/>	<hr/>

Notes (continued)

11 Debtors

	2014 £	2013 £
Trade debtors	5,928,286	7,306,989
Prepayments and accrued income	166,103	109,230
Deferred tax asset (see note 14)	4,812	266,636
Other debtors	77,972	476,104
	<u>6,177,173</u>	<u>8,158,959</u>

Within trade debtors is an amount of £4,650,000 (2013: £5,850,000), which is due after more than one year.

12 Creditors: amounts falling due within one year

	2014 £	2013 £
Bank overdraft	151,616	364,697
Trade creditors	101,809	401,055
Corporation tax	446,653	140,128
Other creditors including taxation and social security	67,935	1,066,877
Accruals and deferred income	539,999	835,264
	<u>1,308,012</u>	<u>2,808,021</u>

Included in other creditors is a loan of £Nil (2013: £600,000) payable to one of the directors, Mr J R Smart.

13 Creditors: amounts falling due after more than one year

	2014 £	2013 £
Bank loan	<u>5,250,000</u>	<u>18,050,000</u>

In September 2014 a revolving credit facility through to December 2017 of £12,000,000 was secured. The facility was secured against The Capital Quarter (Tyndall Street) and Capital Business Park stock holdings. Interest was payable on the loan at a rate of 3 month LIBOR plus 3%.

Notes (continued)

14 Deferred tax

	2014 £
At beginning of year	266,636
Charge for the year in the profit and loss account	(261,824)
At end of year	<u>4,812</u>

The deferred tax asset, calculated using the liability method, is analysed as follows:

	2014 £	2013 £
Differences between depreciation and capital allowances	4,812	7,022
Losses carried forward	-	259,614
Deferred tax asset (see note 11)	<u>4,812</u>	<u>266,636</u>

15 Called up share capital

	2014 £	2013 £
<i>Allotted, called up and fully paid</i> 1,500 ordinary shares of £1 each	<u>1,500</u>	<u>1,500</u>

16 Profit and loss account

	2014 £	2013 £
Profit for the financial year	2,581,933	369,831
Retained profit brought forward	14,104,085	13,734,254
Retained profit carried forward	<u>16,686,018</u>	<u>14,104,085</u>

17 Reconciliation of movement in shareholders' funds

	2014 £	2013 £
Profit for the financial year	2,581,933	369,831
Opening shareholders' funds	14,105,585	13,735,754
Closing shareholders' funds	<u>16,687,518</u>	<u>14,105,585</u>

Notes (continued)

18 Pensions

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme during the year and amounted to £Nil (2013: £Nil). There were no outstanding contributions at the end of the financial year (2013: £Nil).

19 Related party transactions

JR Smart Limited paid open market rent and service charges of £24,720 (2013: £25,201) to the directors' pension scheme in respect of the company's office accommodation.

Included in other creditors is a loan of £Nil (2013: £600,000) payable to JR Smart, a director of the company. Interest of £Nil was charged in respect of 2014 (2013: £90,297).

20 Capital commitments

There are no outstanding capital commitments at 31 December 2014 (2013: £Nil).

21 Operating leases

At the year end operating leases, in respect of property, existed with annual commitments expiring as follows:

	2014 £	2013 £
Within 1 year	22,386	22,386
Between 2 and 5 years	-	-
Over 5 years	-	-
	<u>22,386</u>	<u>22,386</u>

Notes (continued)

22 Analysis of cash flows

	2014 £	2013 £
Returns on investment and servicing of finance		
Interest received	12	892
Interest paid	(299,763)	(643,457)
	<u>(299,751)</u>	<u>(642,565)</u>
Capital expenditure and financial investment		
Payments to acquire property, plant or equipment	(23,000)	-
	<u>(23,000)</u>	<u>-</u>
Financing		
(Decrease) in director's loan	(600,000)	(56,154)
(Decrease)/increase in bank loan	(12,800,000)	4,300,000
	<u>(13,400,000)</u>	<u>4,243,846</u>

23 Analysis of net debt

	At beginning of year £	Cash flow £	At end of year £
Cash	32	383	415
Bank overdraft	(364,697)	213,081	(151,616)
	<u>(364,665)</u>	<u>213,464</u>	<u>(151,201)</u>
Director's loan	(600,000)	600,000	-
Bank loan	(18,050,000)	12,800,000	(5,250,000)
	<u>(19,014,665)</u>	<u>13,613,464</u>	<u>(5,401,201)</u>

24 Post balance sheet events

The Company completed on the sale of Driscoll Buildings in February 2015. The Company also completed the purchase of both John Street and College Buildings in February 2015.

25 Control

The directors consider that Mr J R Smart is the ultimate controlling party of the Company by virtue of his shareholding.