

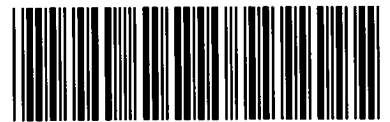
**J R Smart (Builders) Limited**

**Annual report and financial statements**

**Registered number 1148586**

**31 December 2016**

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## Strategic Report

### Principal activities

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

### Business review

- 2016 was another positive year for JR Smart.
- During the year the Company sold the tenanted Capital Business Park to a real estate investment fund and part of Capital Quarter to a developer of Student Accommodation.
- The resulting increase in sales, by comparison to 2015, resulted in a gross profit improvement from 23% in 2015 to 40% in 2016.
- The Company continued with its development at the Capital Quarter site. This is reflected in the increase in stock during 2016.
- The directors consider the granting of leases in relation to trading stock of properties significantly enhances the attractiveness of its properties to potential purchasers.
- The Directors are confident that their strategic aims, as revised at the outset of 2016, continue to be relevant, and on track.
- Similarly, our close working relationship with Lloyds Bank means that we have also been able to involve their senior management team in discussions around strategic plans for the future.
- Costs were again in line with directors' expectations.

### 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.
- All projects are reviewed by our management team and external Quantity Surveyors before commencement, and monthly cost information is prepared to make sure there are no cost over-runs.
- As well as using local building control inspectors, building projects are independently inspected by the insurance company's Latent Defect insurance inspectors in order to provide an additional layer of cover/comfort to tenants.
- Financial risk is monitored through:
  1. The setting of budgets and their monitoring on a monthly basis
  2. Regular tracking of commitments against available funding and headroom
  3. Close attention to cost against targets on a project by project basis

### Outlook and future developments

- The outlook for 2017 and beyond is positive given our pipeline.
- The outcome of Brexit negotiations is uncertain, but the Directors are of the opinion that the nature of the Company's planned developments will continue to be attractive to potential external investors.
- Consequently, and given the shortage of quality development stock available in our area of operation, the Directors remain confident that the short to medium term outlook remains positive.
- Given the continued strength of the Company's balance sheet at the end of the financial year and beyond, combined with the continued support of funders, the Directors are firmly of the view that the financial health of the business is sound.

By order of the board

  
AG Smart  
Secretary

7/8 Park Place  
Cardiff  
CF10 3DP

25

September 2017

## Directors' Report

The directors have pleasure in presenting their annual report and the audited financial statements for the year ended 31 December 2016.

### Dividends

No dividends were paid or proposed during the year (2015: £Nil).

### Directors

The directors who held office during the year were:

J R Smart (Chairman)  
AG Smart  
GE Smart

### Other information

An indication of likely future developments in the business has been included in the Strategic Report on page 1.

### 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

25

September 2017

## **Statement of directors' responsibilities in respect of the Annual Report and the financial statements**

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 2016 set out on pages 6 to 19. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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](http://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 2016 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 matters 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.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic Report and the Directors' Report:

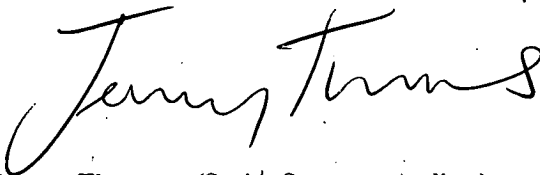
- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

**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.



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

27 September 2017

**Profit and loss account**  
*for the year ended 31 December 2016*

	<i>Note</i>	<b>2016</b> £	<b>2015</b> £
<b>Turnover</b>	2	<b>12,720,646</b>	<b>6,671,444</b>
Cost of sales		(7,625,886)	(5,161,303)
<b>Gross profit</b>		<b>5,094,760</b>	<b>1,510,141</b>
Administrative expenses		(2,318,734)	(1,228,587)
Other operating income	3	1,030,535	671,594
<b>Operating profit</b>		<b>3,806,561</b>	<b>953,148</b>
Interest receivable and similar income	7	108,512	74,702
Interest payable and similar expenses	7	(416,449)	(162,575)
<b>Profit before taxation</b>	2-7	<b>3,498,624</b>	<b>865,275</b>
Tax on profit	8	(727,619)	(184,254)
<b>Profit for the financial year</b>		<b>2,771,005</b>	<b>681,021</b>

The profit and loss account presents all items of income and expense recognised in both 2016 and 2015. There are no other items of comprehensive income in either year. All items relate to continuing activities.



**Balance sheet**  
*at 31 December 2016*

	Note	£	2016	£	£	2015	£
<b>Fixed assets</b>							
Tangible assets	9		159,694			194,083	
Investments	10		9,000			9,000	
			<u>168,694</u>			<u>203,083</u>	
<b>Current assets</b>							
Stocks	11	28,432,812			23,879,783		
Debtors	12	4,279,469			1,769,306		
Cash at bank and in hand	14	172,750			286		
			<u>32,885,031</u>		<u>25,649,375</u>		
<b>Creditors: amounts falling due within one year</b>	15	(4,060,752)			(2,221,978)		
			<u>28,824,279</u>		<u>23,427,397</u>		
<b>Net current assets</b>							
<b>Debtors: amounts falling due after more than one year</b>	12		-		3,341,488		
			<u>28,992,973</u>		<u>26,971,968</u>		
<b>Total assets less current liabilities</b>							
<b>Creditors: amounts falling due after more than one year</b>	16		(9,000,000)		(9,750,000)		
			<u>19,992,973</u>		<u>17,221,968</u>		
<b>Net assets</b>							
<b>Capital and reserves</b>							
Called up share capital	18	1,500			1,500		
Profit and loss account		19,991,473			17,220,468		
			<u>19,992,973</u>		<u>17,221,968</u>		
<b>Shareholders' funds</b>							

These financial statements were approved by the board of directors on 25 September 2017 and were signed on its behalf by:

JR Smart  
Chairman

Company registered number: 1148586

**Statement of Changes in Equity**  
*for the year ended 31 December 2016*

	<b>Called up Share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Balance at 1 January 2015	1,500	16,539,447	16,540,947
	<hr/>	<hr/>	<hr/>
<b>Total comprehensive income for the year</b>			
Profit for the year	-	681,021	681,021
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	681,021	681,021
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2015</b>	<b>1,500</b>	<b>17,220,468</b>	<b>17,221,968</b>
	<hr/>	<hr/>	<hr/>

	<b>Called up Share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Balance at 1 January 2016	1,500	17,220,468	17,221,968
	<hr/>	<hr/>	<hr/>
<b>Total comprehensive income for the year</b>			
Profit for the year	-	2,771,005	2,771,005
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	2,771,005	2,771,005
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2016</b>	<b>1,500</b>	<b>19,991,473</b>	<b>19,992,973</b>
	<hr/>	<hr/>	<hr/>

**Cash flow statement**  
*for the year ended 31 December 2016*

	Note	Year ended 31 December 2016 £	Year ended 31 December 2015 £
<b>Cash flows from operating activities</b>			
Profit for the period		2,771,005	681,021
Adjustments for:			
Depreciation, amortisation and impairment		48,996	48,448
(Profit) /loss on disposal of fixed assets		-	(37,056)
Interest receivable and similar income		(108,512)	(74,702)
Interest payable and similar charges		416,449	162,575
Taxation		727,619	184,254
		<hr/>	<hr/>
		3,855,557	964,540
Increase in stocks		(4,553,029)	(6,907,586)
Decrease in debtors		918,425	1,003,244
Increase in creditors		1,587,916	1,040,623
		<hr/>	<hr/>
		1,808,869	(3,899,179)
Interest paid		(416,449)	(162,575)
Tax paid		(182,887)	(440,491)
		<hr/>	<hr/>
<b>Net cash inflow/(outflow) from operating activities</b>		<b>1,209,533</b>	<b>(4,502,245)</b>
		<hr/>	<hr/>
<b>Cash flows from investing activities</b>			
Proceeds from sale of tangible fixed assets		-	94,500
Acquisition of tangible fixed assets		(14,607)	(213,230)
		<hr/>	<hr/>
<b>Net cash from investing activities</b>		<b>(14,607)</b>	<b>(118,730)</b>
		<hr/>	<hr/>
<b>Cash flows from financing activities</b>			
Proceeds from new loan		-	4,500,000
Repayment of bank loan		(750,000)	-
		<hr/>	<hr/>
<b>Net cash from financing activities</b>		<b>(750,000)</b>	<b>4,500,000</b>
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		444,926	(120,975)
Cash and cash equivalents at beginning of year		(272,176)	(151,201)
		<hr/>	<hr/>
<b>Cash and cash equivalents at end of year</b>	14	<b>172,750</b>	<b>(272,176)</b>
		<hr/>	<hr/>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

JR Smart (Builders) Limited (the "Company") is a private company limited by shares and incorporated, domiciled and registered in the UK (Wales).

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102")* as issued in August 2014. The amendments to FRS 102 issued in July 2015 have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest pound.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 22.

#### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

#### 1.2 Going concern

The company is profitable and has a strong balance sheet, with net current assets of £28.8m and net assets of £20.0m. Furthermore, the company's forecasts 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.

#### 1.3 Basic financial instruments

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives are as follows:

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

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

#### 1.5 Stocks

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.

#### 1.6 Employee benefits

##### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

#### 1.7 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)

#### 1.8 Expenses

##### Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

##### Interest receivable and payable

Interest includes interest receivable and payable and discounting of financial assets and liabilities.

Interest payable is recognised in profit or loss as it accrues, using the effective interest method.

#### 1.9 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

### 2 Turnover

	2016 £	2015 £
Development sales	12,359,203	6,445,000
Service charge income	361,443	226,444
	<hr/>	<hr/>
	12,720,646	6,671,444
	<hr/>	<hr/>

All turnover arose from the principal activity of the company and in the UK.

## Notes (continued)

### 3 Other operating income

	2016 £	2015 £
Rental income	1,030,535	594,538
Other income	-	40,000
Net gain on disposal of tangible fixed assets	-	37,056
	<u>1,030,535</u>	<u>671,594</u>

### 4 Expenses and auditor's remuneration

*Included in profit/loss are the following:*

	2016 £	2015 £
Hire of land and buildings – operating leases	37,000	34,386
Depreciation (see note 9)	48,996	48,448
	<u>85,996</u>	<u>82,834</u>

*Auditor's remuneration:*

	2016 £	2015 £
Audit of these financial statements	17,500	17,000
Amounts receivable by the company's auditor and its associates in respect of:		
Tax compliance services	5,000	5,000
Other tax advisory services	13,000	13,000
	<u>25,500</u>	<u>35,000</u>

### 5 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	
	2016	2015
Administration	6	5
Site workers	3	3
	<u>9</u>	<u>8</u>

The aggregate payroll costs of these persons were as follows:

	2016 £	2015 £
Wages and salaries	1,570,681	587,495
Social security costs	255,984	54,045
Pension contributions	794	120,000
	<u>1,827,459</u>	<u>761,540</u>

**Notes** *(continued)*

**6 Directors' remuneration (being key management personnel compensation)**

	2016 £	2015 £
Directors' remuneration	1,495,068	640,949

The remuneration of the highest paid director was £897,217 (2015: £366,322), and company pension contributions of £nil (2015: £90,000) were made to a money purchase scheme on his behalf.

	Number of directors 2016	2015
Retirement benefits are accruing to the following number of directors under: Money purchase schemes	2	2

**7 Interest**

**7a Interest payable and similar expenses**

	2016 £	2015 £
On bank overdraft and loans	416,449	162,575

**7b Interest receivable and similar income**

	2016 £	2015 £
Unwinding of financial asset discount	108,512	74,702



## Notes (continued)

### 8 Taxation

#### Total tax expense recognised in the profit and loss account

	2016 £	2015 £
<i>Current tax</i>		
UK corporation tax	722,470	199,150
Adjustments in respect of prior periods	(16,263)	(6,162)
<b>Total current tax</b>	<b>706,207</b>	<b>192,988</b>
<i>Deferred tax (see note 13)</i>		
Origination and reversal of timing differences	5,039	(8,734)
Prior year movement	16,373	-
<b>Total deferred tax</b>	<b>21,412</b>	<b>(8,734)</b>
<b>Total tax (all recognised in the Profit and Loss Account)</b>	<b>727,619</b>	<b>184,254</b>

#### Reconciliation of effective tax rate

	2016 £	2015 £
Profit for the year	2,771,005	681,021
Total tax expense	727,619	184,254
<b>Profit excluding taxation</b>	<b>3,498,624</b>	<b>865,275</b>
Tax using the UK corporation tax rate of 20.0% (2015: 20.5%)	699,725	177,381
Change in tax rate on deferred tax balances	5,079	(2,761)
Non-deductible expenses	22,705	15,996
Small companies rate	-	(200)
Adjustments in respect of prior years	110	(6,162)
<b>Total tax expense included in profit or loss</b>	<b>727,619</b>	<b>184,254</b>

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2016 has been calculated based on the rates substantively enacted at the balance sheet date.

## Notes (continued)

### 9 Tangible fixed assets

	Leasehold improvements £	Fixtures and fittings £	Office Equipment £	Plant and machinery £	Motor vehicles £	Total £
<b>Cost</b>						
At beginning of year	13,755	23,098	-	36,740	218,835	292,428
Additions	-	4,400	10,207	-	-	14,607
At end of year	13,755	27,498	10,207	36,740	218,835	307,035
<b>Depreciation</b>						
At beginning of year	13,755	21,468	-	19,680	43,442	98,345
Charge for the year	-	354	425	4,265	43,952	48,996
At end of year	13,755	21,822	425	23,945	87,394	147,341
<b>Net book value</b>						
At end of year	-	5,676	9,782	12,795	131,441	159,694
At beginning of year	-	1,630	-	17,060	175,393	194,083

### 10 Fixed asset investments

	Unlisted Investments £
<b>Cost</b>	
At 1 January 2016 and 31 December 2016	9,000

#### Unlisted Investments

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

### 11 Stocks

	2016 £	2015 £
Work in progress and property for resale	28,432,812	23,879,783

## Notes (continued)

### 12 Debtors

	2016 £	2015 £
Trade debtors	3,693,257	4,645,037
Prepayments and accrued income	318,125	22,428
Deferred tax asset (see note 13)	28,777	50,189
Other debtors	239,310	393,140
	<u>4,279,469</u>	<u>5,110,794</u>
Due within one year	4,279,469	1,769,306
Due after more than one year	-	3,341,488
	<u>4,279,469</u>	<u>5,110,794</u>

Trade debtors include £nil (2015: £3,341,488) which is due after more than one year.

### 13 Deferred tax

	2016 £
Asset at beginning of year	50,189
Charge for the year in the profit and loss account	(21,412)
Asset at end of year	<u>28,777</u>

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

	2016 £	2015 £
Differences between depreciation and capital allowances	3,862	838
Other timing differences	24,915	49,351
Deferred tax asset (see note 12)	<u>28,777</u>	<u>50,189</u>

### 14 Cash and cash equivalents / bank overdrafts

	2016 £	2015 £
Cash at bank and in hand	172,750	286
Bank overdrafts	-	(272,462)
Cash and cash equivalents per cash flow statement	<u>172,750</u>	<u>(272,176)</u>

(continued)

**15 Creditors: amounts falling due within one year**

	2016 £	2015 £
Bank overdraft	-	272,462
Trade creditors	359,204	438,502
Corporation tax	722,470	199,150
Other creditors including taxation and social security	190,363	37,893
Accruals and deferred income	2,788,715	1,273,971
	<u>4,060,752</u>	<u>2,221,978</u>

**16 Creditors: amounts falling due after more than one year**

	2016 £	2015 £
Bank loan	<u>9,000,000</u>	<u>9,750,000</u>

**17 Interest-bearing loans and borrowings**

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2016 £	2015 £
<b>Creditors falling due after more than one year</b>		
Secured bank loans	<u>9,000,000</u>	<u>9,750,000</u>

Secured bank loans consists of a revolving credit facility through to December 2018 of £12,000,000. The facility is secured against The Capital Quarter (Tyndall Street) stock holding. Interest is payable on the facility at a rate of 3 month LIBOR plus 3%.

	2016 £	2015 £
<b>Creditors falling due within one year</b>		
Unsecured bank facility	<u>-</u>	<u>272,462</u>

## Notes (continued)

### 18 Share capital

	2016 £	2015 £
<i>Allotted, called up and fully paid</i>		
1,500 ordinary shares of £1 each	1,500	1,500

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

There were no share capital transactions during the year.

### 19 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2016 £	2015 £
Less than one year	37,000	37,000

### 20 Related parties

The company paid open market rent and service charges of £25,000 (2015: £22,386) to the directors' pension scheme in respect of the company's office accommodation, and £12,000 (2015: £12,000) in respect of a storage unit.

No amounts remained unpaid at the balance sheet date in respect of these transactions.

### 21 Ultimate controlling party

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

### 22 Accounting estimates and judgements

In the application of the company's accounting policies the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. These estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

#### *Stock valuation*

Stock provisioning takes into account the nature of the work in progress and property for resale and its forecast future selling price. Stock provisioning is assessed annually. Changes in stock provision would lead to a change in Cost of Sales.