

REGISTERED NUMBER: 03118389 (England and Wales)

Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 30 April 2016
for
Jones Homes (Southern) Limited



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for the Year Ended 30 April 2016

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Jones Homes (Southern) Limited

Company Information
for the Year Ended 30 April 2016

DIRECTORS:

P E Jones OBE
A J White
L D Marshall
J R Claber
M E Jones
A E Jones
Ms S J Stanhope
C J Sparks

SECRETARY:

Ms A C Weatherby

REGISTERED OFFICE:

Emerson House
Heyes Lane
Alderley Edge
Cheshire
SK9 7LF

REGISTERED NUMBER:

03118389 (England and Wales)

AUDITOR:

BDO LLP
Statutory Auditor
3 Hardman Street
Spinningfields
Manchester - UK
M3 3AT

Strategic Report
for the Year Ended 30 April 2016

The directors present their strategic report for the year ended 30 April 2016.

BUSINESS MODEL

The principal activities of the company comprise acquiring and developing land, planning, designing and constructing residential property developments and selling the homes it builds under the 'Jones Homes' brand.

The company is a wholly owned subsidiary of Jones Homes (North West) Limited, itself a wholly owned subsidiary of Emerson Developments (Holdings) Limited, the ultimate parent company of the Emerson Group. The Emerson Group is a family owned and run property investment and development business which manages and controls all group companies on a unified basis, trading under the Orbit Developments, Emerson Management Services and Jones Homes' brands.

STRATEGY, OBJECTIVES AND PRINCIPAL RISKS

The strategic objectives of the company, in support of those of the group as a whole, are to drive sustainable profitability and shareholder return:

- through targeted land buying, effective planning and design and construction excellence to deliver outstanding homes;
- by pursuing other strategic land and investment opportunities, taking advantage of the company's strong balance sheet and access to financial resources;

The primary operating risks for the company centre around the macro level factors of the markets in which it operates, in particular the level of housing demand, mortgage availability and land supply. The directors undertake annual, monthly and weekly reviews of key performance indicators, including, but not limited to, reservations, sales rates, visitor levels, customer feedback, cash-flow projections and land usage. This ensures forward looking management action is taken to achieve the company's operational objectives and effectively mitigate identified risks.

The company needs to purchase sufficient good quality, consented land at attractive prices in order to provide profitable growth. Potential land acquisitions are subject to formal appraisal with those approved required to achieve the Group's strategic criteria for growth. Senior management also regularly review on a site-by-site basis land already owned, committed, and identified.

The directors also consider one of the key financial risks to be the ability of the company to manage its working capital, service liabilities and refinance borrowing facilities at their maturity date. The company maintains committed facilities of different duration that are designed to ensure that it has sufficient available funds to service its operational needs. The directors also regularly review compliance with borrowing covenants and has maintained a track record of meeting all such requirements throughout its history.

REVIEW OF THE YEAR

The company enjoyed a successful year, financially completing on 70 (2015: 81) properties during the year at an average price of £323,000 (2015: £266,000). As shown in the company's profit and loss account, turnover for the year was £22,663,591 (2015: £21,576,593). Profit before taxation was £3,732,341 (2015: £4,191,940) and profit after taxation was £2,992,177 (2015: £3,313,962).

The company benefited from the strong housing market in the South East region with the Government's "Help to Buy" scheme contributing to this success, accounting for 21 of the 70 financial completions in the year.

The directors are not aware of any significant events since the balance sheet date affecting the company.

Strategic Report
for the Year Ended 30 April 2016

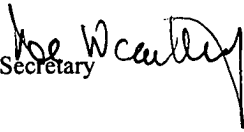
FUTURE OUTLOOK

The housing market in the region is expected to remain buoyant with demand exceeding supply, and the directors are confident of another successful year in the coming financial year. The directors continue with a policy of acquiring land at prices that will improve future operating margins and meet anticipated demand.

The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

APPROVED AND SIGNED ON BEHALF OF THE BOARD BY:

Ms A C Weatherby - Secretary

A handwritten signature in black ink, appearing to read 'A C Weatherby', written over the printed name.

20 December 2016

Report of the Directors
for the Year Ended 30 April 2016

The directors present their report with the financial statements of the company for the year ended 30 April 2016.

DIVIDENDS

No dividends will be distributed for the year ended 30 April 2016 (2015: £nil).

DIRECTORS

The Directors who served during the year were as follows:

P.E. Jones OBE (Chairman)
A.J. White
L.D. Marshall
J.R. Claber
M.E. Jones
A.E. Jones
J.R. Siddaway (passed away 27 May 2015)
Ms S. Stanhope
C. Hilton (resigned 18 January 2016)
C.J. Sparks (appointed 14 September 2015)

It is with some sadness that the Board have to report the untimely death of Jon Siddaway, who passed away suddenly shortly after the year end. Jon had only recently been promoted to managing director and he will be sadly missed. The Board wish to express their deepest condolences to his family.

FINANCIAL INSTRUMENTS

Information on likely future development and financial instruments has been included in the strategic report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom accounting standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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, to disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

In so far as each of the Directors is aware, there is no relevant audit information (as defined by section 418 of the Companies Act 2006) of which the company's auditor is unaware, and each Director has taken all steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

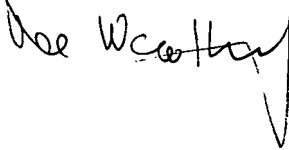
Report of the Directors
for the Year Ended 30 April 2016

AUDITOR

In accordance with section 487 of the Companies Act 2006, BDO LLP, Registered Auditor, is deemed re-appointed as auditor for the succeeding year.

APPROVED AND SIGNED ON BEHALF OF THE BOARD BY:

Ms A C Weatherby - Secretary

A handwritten signature in black ink, appearing to read 'A C Weatherby', with a long vertical stroke extending downwards from the end of the signature.

20 December 2016

Independent Auditor's Report to the Members of
Jones Homes (Southern) Limited

We have audited the financial statements of Jones Homes (Southern) Limited for the year ended 30 April 2016 which comprise the income statement, the balance sheet, the statement of comprehensive income and the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the 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 auditors

As explained more fully in the statement of directors' responsibilities, 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 Financial Reporting Council's (FRC'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 FRC'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 30 April 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.

BDO LLP

Timothy Entwistle (Senior Statutory Auditor)
for and on behalf of BDO LLP
Statutory Auditor
Manchester - UK

21 December 2016

BDO LLP is a limited liability partnership registered in England and Wales (with
registered number OC305127).

Income Statement
for the Year Ended 30 April 2016

	Notes	2016 £	2015 £
TURNOVER	3	22,663,591	21,576,593
Cost of sales		(17,312,835)	(15,878,481)
GROSS PROFIT		5,350,756	5,698,112
Administrative expenses		(1,669,809)	(1,543,600)
		3,680,947	4,154,512
Other operating income		28,645	32,110
OPERATING PROFIT	6	3,709,592	4,186,622
Interest receivable and similar income		22,749	5,318
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,732,341	4,191,940
Tax on profit on ordinary activities	7	(740,164)	(877,978)
PROFIT FOR THE FINANCIAL YEAR		2,992,177	3,313,962

Statement of Comprehensive Income
for the Year Ended 30 April 2016

	Notes	2016 £	2015 £
PROFIT FOR THE YEAR		2,992,177	3,313,962
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>2,992,177</u>	<u>3,313,962</u>

The notes form part of these financial statements

Jones Homes (Southern) Limited (Registered number: 03118389)

Balance Sheet
30 April 2016

	Notes	2016 £	2015 £
FIXED ASSETS			
Tangible assets	8	166,507	161,841
CURRENT ASSETS			
Stocks	9	18,629,647	13,524,043
Debtors	10	10,588,658	780,154
Cash at bank and in hand		8,437,406	6,050,569
		37,655,711	20,354,766
CREDITORS			
Amounts falling due within one year	11	17,563,578	3,192,683
NET CURRENT ASSETS		20,092,133	17,162,083
TOTAL ASSETS LESS CURRENT LIABILITIES		20,258,640	17,323,924
PROVISIONS FOR LIABILITIES	13	606,477	663,938
NET ASSETS		19,652,163	16,659,986
CAPITAL AND RESERVES			
Called up share capital	14	2	2
Retained earnings	15	19,652,161	16,659,984
SHAREHOLDERS' FUNDS		19,652,163	16,659,986

The financial statements were approved and authorised for issue by the Board of Directors on 20 December 2016 and were signed on its behalf by:



P E Jones OBE - Director

Statement of Changes in Equity
for the Year Ended 30 April 2016

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 May 2014	2	13,346,022	13,346,024
Changes in equity			
Profit for the year	-	3,313,962	3,313,962
Balance at 30 April 2015	2	16,659,984	16,659,986
Changes in equity			
Profit for the year	-	2,992,177	2,992,177
Balance at 30 April 2016	2	19,652,161	19,652,163

Notes to the Financial Statements
for the Year Ended 30 April 2016

1. GENERAL INFORMATION

Jones Homes (Southern) Limited is a limited liability company incorporated in England. The Registered Office is set out on page 1 to the financial statements and the nature of the company's operations and its principal activities are set out in the Strategic Report.

The company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the company for the year ended 30 April 2016. The company transitioned from previously extant UK GAAP to FRS 102 as at 1 May 2014. An explanation of how the transition to FRS 102 has affected the reported financial position and financial performance is given in note 18.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Going concern

The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposures to price, credit, liquidity and cash flow risk are described in the Strategic Report.

The company meets its day to day working capital requirements through its cash resources and its committed banking facilities and those of the Group. Based on the company's forecasts and projections, together with available market information and the directors' knowledge and experience of the company's developments and markets, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A.

Turnover

Turnover in respect of the sale of completed homes is recognised at the value of the consideration received or receivable on legal completion of the sale.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of each asset less its residual value on a straight line basis as follows:

Freehold land	0% per annum
Plant and equipment	15% per annum

Ground rents are capitalised at four years' income and are not amortised, as it is considered that they have an indefinite useful life. The Directors have included capitalised ground rents within freehold land in tangible fixed assets.

Stocks

Stock is valued at the lower of cost and net realisable value. Cost of sites in progress represents direct cost including attributable overheads but excluding finance charges.

Notes to the Financial Statements - continued
for the Year Ended 30 April 2016

2. ACCOUNTING POLICIES - continued

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current tax is the tax payable on the taxable income for the year and any adjustment in respect of previous years.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the asset is realised or the liability is settled.

Pension costs

Pension costs in respect of the Group's defined contribution pension scheme are charged to the profit and loss account in the period for which contributions are payable.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less.

Financial instruments

All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash payable to the bank (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method, less impairment. The effective interest rate amortisation is included in interest payable in the income statement.

Other basic financial instruments including trade debtors, trade creditors and amounts due to and from related parties, with no stated interest rate and receivable or payable within one year, are recorded at transaction price. Such assets and liabilities are subsequently carried at amortised cost using the effective interest rate method. Any losses arising from impairment are recognised in the income statement.

Reserves

The company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- Profit and loss represents cumulative profits or losses, net of dividends paid and other adjustments.

3. TURNOVER

Turnover comprises invoiced sales for the year, including land sales.

Notes to the Financial Statements - continued
for the Year Ended 30 April 2016

4. **STAFF COSTS**

	2016 £	2015 £
Staff costs during the year were:		
Wages and salaries	1,443,849	1,573,728
Social security costs	159,251	180,002
Other pension costs	41,868	59,011
	<u>1,644,968</u>	<u>1,812,741</u>

	No.	No.
The average monthly number of persons employed by the company during the year was	<u>29</u>	<u>31</u>

5. **DIRECTORS' EMOLUMENTS**

	2016 £	2015 £
Aggregate of emoluments and other benefits	588,403	454,887
Pension contributions	33,212	31,420
	<u>621,615</u>	<u>486,307</u>

The number of Directors to whom benefits are accruing under money purchase pension schemes is four (2015: three). The highest paid Director received emoluments and benefits of £203,896 (2015: £206,293), and pension contributions of £18,028 (2015: £18,028).

6. **OPERATING PROFIT**

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation - owned assets	<u>44,377</u>	<u>39,325</u>

and is after crediting:

	2016	2015
Rental income	<u>28,583</u>	<u>31,915</u>

Auditor's remuneration is borne by the ultimate parent company.

Notes to the Financial Statements - continued
for the Year Ended 30 April 2016

7. **TAXATION**

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2016 £	2015 £
Current tax:		
Corporation tax - current year	747,857	-
Group relief - current year	-	877,978
Total current tax	<u>747,857</u>	<u>877,978</u>
Deferred tax:		
Deferred tax - current year	(400)	-
Deferred tax - prior year	(7,293)	-
Total deferred tax	<u>(7,693)</u>	<u>-</u>
Tax on profit on ordinary activities	<u>740,164</u>	<u>877,978</u>

UK corporation tax has been charged at 20% (2015 - 20.92%).

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>3,732,341</u>	<u>4,191,940</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20.920%)	746,468	876,954
Effects of:		
Depreciation in excess of capital allowances	-	572
Expenditure not deductible for tax purposes	134	452
Prior year adjustment	(7,293)	-
Impact in change in UK tax rate	855	-
Total tax charge	<u>740,164</u>	<u>877,978</u>

Notes to the Financial Statements - continued
for the Year Ended 30 April 2016

8. **TANGIBLE FIXED ASSETS**

	Freehold land £	Plant and machinery £	Totals £
COST			
At 1 May 2015	16,320	356,357	372,677
Additions	15,360	33,683	49,043
	<hr/>	<hr/>	<hr/>
At 30 April 2016	31,680	390,040	421,720
	<hr/>	<hr/>	<hr/>
DEPRECIATION			
At 1 May 2015	-	210,836	210,836
Charge for year	-	44,377	44,377
	<hr/>	<hr/>	<hr/>
At 30 April 2016	-	255,213	255,213
	<hr/>	<hr/>	<hr/>
NET BOOK VALUE			
At 30 April 2016	31,680	134,827	166,507
	<hr/>	<hr/>	<hr/>
At 30 April 2015	16,320	145,521	161,841
	<hr/>	<hr/>	<hr/>

Freehold land is not depreciated.

9. **STOCKS**

	2016 £	2015 £
Land stocks	13,907,137	6,559,974
Work-in-progress	4,677,116	6,924,830
Other stocks	45,394	39,239
	<hr/>	<hr/>
	18,629,647	13,524,043
	<hr/>	<hr/>

10. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2016 £	2015 £
Trade debtors	403,840	531,683
Amounts owed by group undertakings	9,116,446	56,146
Other debtors	1,037,491	163,810
Deferred tax asset	7,693	-
Prepayments and accrued income	23,188	28,515
	<hr/>	<hr/>
	10,588,658	780,154
	<hr/>	<hr/>

Trade debtors representing amounts due under the HomeBuy Direct scheme, Jones HomeBuy scheme and FirstBuy scheme, are secured on the properties concerned, and will be realised over a period in excess of one year.

Notes to the Financial Statements - continued
for the Year Ended 30 April 2016

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Bank overdrafts (see note 12)	14,517,363	-
Trade creditors	249,843	245,405
Amounts owed to group undertakings	58,197	877,978
Corporation tax payable	747,857	-
Social security and other taxes	15,491	14,949
Other creditors	611,135	1,324,632
Accruals and deferred income	1,363,692	729,719
	<u>17,563,578</u>	<u>3,192,683</u>

Bank loans and overdrafts are secured on certain assets of the company.

12. BANK OVERDRAFTS

An analysis of the maturity of bank overdrafts is given below:

	2016	2015
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>14,517,363</u>	<u>-</u>

Bank loans and overdrafts are secured on certain assets of the company.

13. PROVISIONS FOR LIABILITIES

	2016	2015
	£	£
Other provisions		
Site completion costs	<u>606,477</u>	<u>663,938</u>
	Deferred tax	Site completion costs
	£	£
Balance at 1 May 2015	-	663,938
Provided during year	(7,693)	-
Additional provisions	-	608,888
Amounts used	-	(666,349)
Balance at 30 April 2016	<u>(7,693)</u>	<u>606,477</u>

Provisions have been recognised in respect of site completion costs. It is expected that most of this expenditure will be incurred during the next two years, and all will be incurred within the next four years.

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2016	2015
			£	£
2	Ordinary	£1	<u>2</u>	<u>2</u>

Notes to the Financial Statements - continued
for the Year Ended 30 April 2016

15. RESERVES

	Retained earnings £
At 1 May 2015	16,659,984
Profit for the year	2,992,177
	<hr/>
At 30 April 2016	19,652,161
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16. ULTIMATE PARENT COMPANY

The company's parent company and controlling party is Jones Homes (North West) Limited, a company incorporated in England.

The company's ultimate parent company and ultimate controlling party is Emerson Developments (Holdings) Limited, a company incorporated in England.

The results of the company are included in the consolidated accounts of Emerson Developments (Holdings) Limited. A copy of these accounts may be obtained from The Registrar of Companies, Companies House, Crown Way, Cardiff.

17. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

18. TRANSITION TO FRS 102

This is the first year that the company has presented its results under Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. The last financial statements prepared under the UK GAAP were for the year ended 30 April 2015. The date of transition to FRS 102 was 1 May 2014. There were no changes to accounting policies or the previously reported results and total equity of the company as a result of the transition from UK GAAP to FRS 102.