

J. R. Smart (Builders) Limited

Annual report and financial statements

Registered number 01148586

31 December 2017

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Strategic Report

Post Balance Sheet Event

It is with great sadness that the Directors report the sudden death of the Company's Chairman, Mr John Smart, on the 6th August 2018. The esteem in which Mr Smart was held within the business community has been reflected in the many messages of condolence received by the Directors for which they are most grateful. As the business' founder and Chairman, this is a profound loss, but the Directors are adamant that his wishes to continue with existing plans and strategy are carried out in full.

Principal activities

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

Business review

- 2017 was another positive year for JR Smart.
- During the year the Company sold the Wharf and College Buildings to a Housing Association and part of Capital Quarter to a pension fund.
- The resulting increase in sales, by comparison to 2016, with gross margins remaining consistent resulted in a gross profit improvement from £5.1m in 2016 to £10.2m in 2017.
- The Company continued with its development at the Capital Quarter site.
- 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 2017, 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 2018 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
Director

7/8 Park Place
Cardiff
CF10 3DP

26 September 2018

Directors' Report

The directors have pleasure in presenting their annual report and the audited financial statements for the year ended 31 December 2017.

Dividends

No dividends were paid or proposed during the year (2016: £Nil).

Directors

The directors who held office during the year were:

J R Smart (Chairman) (passed away 6th August 2018)
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
Director

7/8 Park Place
Cardiff
CF10 3DP

26 September 2018

Statement of directors' responsibilities in respect of the Annual 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), 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 judgements 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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 J.R. Smart (Builders) Limited

Opinion

We have audited the financial statements of J R Smart (Builders) Limited ("the company") for the year ended 31 December 2017 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of J.R. Smart (Builders) Limited(continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

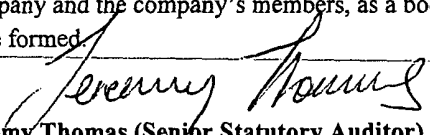
Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.


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

26 September 2018

Profit and loss account
for the year ended 31 December 2017

	<i>Note</i>	2017 £	2016 £
Turnover	2	25,654,327	12,720,646
Cost of sales		(15,447,109)	(7,625,886)
		<hr/>	<hr/>
Gross profit		10,207,218	5,094,760
Administrative expenses		(2,179,601)	(2,318,734)
Other operating income	3	488,407	1,030,535
		<hr/>	<hr/>
Operating profit		8,516,024	3,806,561
Interest receivable and similar income	7	-	108,512
Interest payable and similar expenses	7	(355,932)	(416,449)
		<hr/>	<hr/>
Profit before taxation	2-7	8,160,092	3,498,624
Tax on profit	8	(1,584,505)	(727,619)
		<hr/>	<hr/>
Profit for the financial year		6,575,587	2,771,005
		<hr/>	<hr/>

The profit and loss account presents all items of income and expense recognised in both 2017 and 2016. There are no other items of comprehensive income in either year. All items relate to continuing activities.

Balance sheet
at 31 December 2017

	Note	2017	2016
		£	£
Fixed assets			
Tangible assets	9	120,312	159,694
Investments	10	9,003	9,000
		<u>129,315</u>	<u>168,694</u>
Current assets			
Stocks	11	23,701,385	28,432,812
Debtors	12	731,402	4,279,469
Cash at bank and in hand	14	6,244,161	172,750
		<u>30,676,948</u>	<u>32,885,031</u>
Creditors: amounts falling due within one year	15	<u>(4,237,703)</u>	<u>(4,060,752)</u>
Net current assets		<u>26,439,245</u>	<u>28,824,279</u>
Total assets less current liabilities		<u>26,568,560</u>	<u>28,992,973</u>
Creditors: amounts falling due after more than one year	16	-	(9,000,000)
Net assets		<u>26,568,560</u>	<u>19,992,973</u>
Capital and reserves			
Called up share capital	18	1,500	1,500
Profit and loss account		26,567,060	19,991,473
Shareholders' funds		<u>26,568,560</u>	<u>19,992,973</u>

These financial statements were approved by the board of directors on 26 September 2018 and were signed on its behalf by:


AG Smart
Director

Company registered number: 01148586

Statement of Changes in Equity
for the year ended 31 December 2017

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

	Called up Share capital	Profit and loss account	Total equity
	£	£	£
Balance at 1 January 2017	1,500	19,991,473	19,992,973
Total comprehensive income for the year			
Profit for the year	-	6,575,587	6,575,587
Total comprehensive income for the year	-	6,575,587	6,575,587
Balance at 31 December 2017	1,500	26,567,060	26,568,560

Cash flow statement
for the year ended 31 December 2017

	<i>Note</i>	Year ended 31 December 2017 £	Year ended 31 December 2016 £
Cash flows from operating activities			
Profit for the period		6,575,587	2,771,005
<i>Adjustments for:</i>			
Depreciation, amortisation and impairment		39,382	48,996
Interest receivable and similar income		-	(108,512)
Interest payable and similar charges		355,932	416,449
Taxation		1,584,505	727,619
		<hr/>	<hr/>
Decrease/(increase) in stocks		8,555,406	3,855,557
Decrease in debtors		4,731,427	(4,553,029)
(Decrease)/increase in creditors		3,549,168	918,425
		(686,185)	1,587,916
		<hr/>	<hr/>
Interest paid		16,149,816	1,808,869
Tax paid		(355,932)	(416,449)
		(722,470)	(182,887)
		<hr/>	<hr/>
Net cash flow from operating activities		15,071,414	1,209,533
		<hr/>	<hr/>
Cash flows from investing activities			
Acquisition of tangible fixed assets		-	(14,607)
Acquisition of subsidiary		(3)	
		<hr/>	<hr/>
Net cash flow from investing activities		(3)	(14,607)
		<hr/>	<hr/>
Cash flows from financing activities			
Proceeds from new loan		2,500,000	-
Repayment of bank loan		(11,500,000)	(750,000)
		<hr/>	<hr/>
Net cash flow from financing activities		(9,000,000)	(750,000)
		<hr/>	<hr/>
Net increase in cash and cash equivalents		6,071,411	444,926
Cash and cash equivalents at beginning of year		172,750	(272,176)
		<hr/>	<hr/>
Cash and cash equivalents at end of year	<i>14</i>	6,244,161	172,750

Notes

(forming part of the financial statements)

1 Accounting policies

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

The Company is exempt by virtue of s402 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

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")*. 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 £26.4m and net assets of £26.6m. 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.

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 represent development work in progress and property for sale. 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

	2017 £	2016 £
Development sales	25,496,900	12,359,203
Service charge income	157,427	361,443
	<u>25,654,327</u>	<u>12,720,646</u>

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

Notes (continued)

3 Other operating income

	2017 £	2016 £
Rental income	488,407	1,030,535
	<u>488,407</u>	<u>1,030,535</u>

4 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2017 £	2016 £
Hire of land and buildings – operating leases	53,500	37,000
Depreciation (see note 9)	39,382	48,996
	<u></u>	<u></u>

Auditor's remuneration:

	2017 £	2016 £
Audit of these financial statements	17,500	17,500
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></u>	<u></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	
	2017	2016
Administration	6	6
Site workers	3	3
	<u>9</u>	<u>9</u>

The aggregate payroll costs of these persons were as follows:

	2017 £	2016 £
Wages and salaries	1,561,343	1,570,681
Social security costs	203,749	255,984
Pension contributions	61,379	794
	<u>1,826,471</u>	<u>1,827,459</u>

Notes (continued)

6 Directors' remuneration (being key management personnel compensation)

	2017 £	2016 £
Directors' remuneration (including company pension contributions of £60,000)	<u>1,425,522</u>	<u>1,495,068</u>

The remuneration of the highest paid director was £1,085,060 (2016: £897,217), and company pension contributions of £30,000 (2016: £nil) were made to a money purchase scheme on his behalf.

	Number of directors	
	2017	2016
Retirement benefits are accruing to the following number of directors under: Money purchase schemes	<u>2</u>	<u>2</u>

7 Interest

7a Interest payable and similar expenses

	2017 £	2016 £
On bank overdraft and loans	<u>355,932</u>	<u>416,449</u>

7b Interest receivable and similar income

	2017 £	2016 £
Unwinding of financial asset discount	<u>-</u>	<u>108,512</u>

Notes (continued)

8 Taxation

Total tax expense recognised in the profit and loss account

	2017 £	2016 £
<i>Current tax</i>		
UK corporation tax	1,585,606	722,470
Adjustments in respect of prior periods	-	(16,263)
Total current tax	1,585,606	706,207
<i>Deferred tax (see note 13)</i>		
Origination and reversal of timing differences	(1,101)	5,039
Prior year movement	-	16,373
Total deferred tax	(1,101)	21,412
Total tax (all recognised in the Profit and Loss Account)	1,584,505	727,619

Reconciliation of effective tax rate

	2017 £	2016 £
Profit for the year	6,575,587	2,771,005
Total tax expense	1,584,505	727,619
Profit excluding taxation	8,160,092	3,498,624
Tax using the UK corporation tax rate of 19.25% (2016: 20%)	1,570,538	699,725
Change in tax rate on deferred tax balances	145	5,079
Non-deductible expenses	13,822	22,705
Adjustments in respect of prior years	-	110
Total tax expense included in profit or loss	1,584,505	727,619

Reductions in the UK corporation tax rate from 20% 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 2017 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 £
Cost						
At beginning of year	13,755	27,498	10,207	36,740	218,835	307,035
Additions	-	-	-	-	-	-
At end of year	13,755	27,498	10,207	36,740	218,835	307,035
Depreciation						
At beginning of year	13,755	21,822	425	23,945	87,394	147,341
Charge for the year	-	852	2,445	3,199	32,886	39,382
At end of year	13,755	22,674	2,870	27,144	120,280	186,723
Net book value						
At end of year	-	4,824	7,337	9,596	98,555	120,312
At beginning of year	-	5,676	9,782	12,795	131,441	159,694

10 Fixed asset investments

	Share in group undertakings £	Unlisted investments £	Total £
Cost and net book value			
At beginning of the year	-	9,000	9,000
Additions	3	-	3
	3	9,000	9,003

The Company has the following investments in subsidiaries:

	Aggregate of Profit or loss for capital and reserves £	Class of shares held the year £	Ownership %
Capital Quarter (Western Courtyard) Cardiff Management Limited	3	- Ordinary	100

The registered office of Capital Quarter (Western Courtyard) Cardiff Management Limited is 7/8 Park Place, Cardiff, CF10 3DP.

Unlisted Investments

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

11 Stocks

	2017 £	2016 £
Work in progress and property for resale	23,701,385	28,432,812

12 Debtors

	2017 £	2016 £
Trade debtors	26,283	3,693,257
Prepayments and accrued income	62,254	318,125
Deferred tax asset (see note 13)	29,878	28,777
Other debtors	612,987	239,310
	<u>731,402</u>	<u>4,279,469</u>

13 Deferred tax

	2017 £
Asset at beginning of year	28,777
Credit for the year in the profit and loss account	1,101
	<u>29,878</u>
Asset at end of year	<u>29,878</u>

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

	2017 £	2016 £
Differences between depreciation and capital allowances	8,076	3,862
Other timing differences	21,802	24,915
	<u>29,878</u>	<u>28,777</u>
Deferred tax asset (see note 12)	<u>29,878</u>	<u>28,777</u>

14 Cash and cash equivalents / bank overdrafts

	2017 £	2016 £
Cash at bank and in hand	6,244,161	172,750
Bank overdrafts	-	-
	<u>6,244,161</u>	<u>172,750</u>
Cash and cash equivalents per cash flow statement	<u>6,244,161</u>	<u>172,750</u>

Notes (continued)

15 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	644,485	359,204
Corporation tax	1,585,606	722,470
Other creditors including taxation and social security	1,412,540	190,363
Accruals and deferred income	595,072	2,788,715
	<u>4,237,703</u>	<u>4,060,752</u>

16 Creditors: amounts falling due after more than one year

	2017 £	2016 £
Bank loan	-	9,000,000
	<u>-</u>	<u>9,000,000</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.

	2017 £	2016 £
Creditors falling due after more than one year		
Secured bank loans	-	9,000,000
	<u>-</u>	<u>9,000,000</u>

Secured bank loans consisted of a revolving credit facility through to December 2017 of £12,000,000. During the year an additional £2,500,000 was drawn down from this facility. It was repaid in full on 4 December 2017. The facility was secured against The Capital Quarter (Tyndall Street) stock holding. Interest was payable on the facility at a rate of 3 month LIBOR plus 3%.

The Company has a £10,000,000 overdraft facility available through to August 2019. The facility is secured against The Capital Quarter (Tyndall Street) stock holding and an unlimited debenture. Interest is payable at a rate of Base Rate plus 3%.

Notes (continued)

18 Share capital

	2017 £	2016 £
<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:

	2017 £	2016 £
Less than one year	50,250	37,000

20 Related parties

The company paid open market rent and service charges of £34,500 (2016: £25,000) to the directors' pension scheme in respect of the company's office accommodation and car parking spaces, and £nil (2016: £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 The J R Smart Trust is the ultimate controlling party of the Company by virtue of its 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.