

J R Smart (Builders) Limited

**Directors' report and financial
statements**

Registered number 1148586

31 December 2015



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Strategic Report

Principal activities

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

Business review

- 2015 was another positive year for JR Smart.
- During the year the Company sold the tenanted Driscoll Buildings to a real estate investment fund.
- The reduction in sales, by comparison to 2014, was due to the company having no similar sized product available for sale in 2015; however gross profit improved from 17% in 2014 to 23% in 2015.
- The Company continued with its development at the Capital Quarter site. This is reflected in the increase in stock during 2015.
- The directors consider the granting of leases in relation to trading stock of properties significantly enhances the attractiveness of its properties to potential purchasers.
- At the start of 2015, in conjunction with input from the Company's advisers, the Directors agreed upon five key strategic goals for the year. These were all achieved, with goals outlined for 2016 as part of an on-going strategic initiative.
- 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
- At the time of signing this report, the Company has over 12 months remaining on its facility with our funding partner Lloyds Bank, with whom we are in the final stages of negotiations for an increase.


Outlook

- The outlook for 2016, and beyond, is positive given our pipeline and agreement for leases and leases already signed up.
- Brexit has had a short term impact, but we believe this to have been exaggerated by the summer holiday period.
- 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

 September 2016

Directors' Report

The directors have pleasure in presenting their annual report and the audited financial statements for the year ended 31 December 2015.

Dividends

No dividends were paid or proposed during the year (2014: £Nil).

Directors

The directors who held office during the year were:

J R Smart (Chairman)
AG Smart
GE Smart

Post balance sheet events

Subsequent to the balance sheet date, the company completed contracts on the purchase of the Wharf, a leisure venue in Cardiff Bay. Exchange was during September 2015 and a deposit was paid and completion was finalised on 30 June 2016.

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.

Other information

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

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

12th September 2016

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

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), 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 2015 set out on pages 6 to 23. 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.

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 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

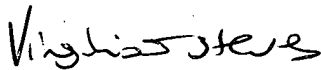
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



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

15th September 2016

Profit and loss account
for the year ended 31 December 2015

	<i>Note</i>	2015 £	2014 £
Turnover	2	6,671,444	18,870,392
Cost of sales		(5,161,303)	(15,608,992)
		<hr/>	<hr/>
Gross profit		1,510,141	3,261,400
Administrative expenses		(1,228,587)	(1,651,430)
Other operating income	3	671,594	1,980,191
		<hr/>	<hr/>
Operating profit		953,148	3,590,161
Interest receivable and similar income	7	74,702	90,969
Interest payable and similar charges	7	(162,575)	(299,763)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		865,275	3,381,367
Tax on profit on ordinary activities	8	(184,254)	(726,668)
		<hr/>	<hr/>
Profit for the financial year		681,021	2,654,699
		<hr/>	<hr/>

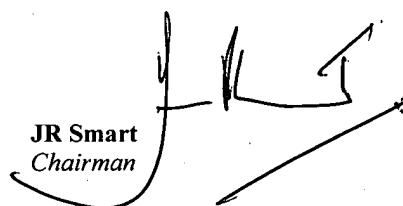
The profit and loss account presents all items of income and expense recognised in both 2015 and 2014. There are no other items of comprehensive income in either year. All items relate to continuing activities.

Balance sheet
at 31 December 2015

	Note	2015	2014
		£	£
Fixed assets			
Tangible assets	9	194,083	86,745
Investments	10	9,000	9,000
		<u>203,083</u>	<u>95,745</u>
Current assets			
Stocks	11	23,879,783	16,972,197
Debtors	12	1,769,306	1,563,816
Cash at bank and in hand		286	415
		<u>25,649,375</u>	<u>18,536,428</u>
Creditors: amounts falling due within one year	15	<u>(2,221,978)</u>	<u>(1,308,012)</u>
Net current assets		<u>23,427,397</u>	<u>17,228,416</u>
Debtors: amounts falling due after more than one year	12	<u>3,341,488</u>	<u>4,466,786</u>
Total assets less current liabilities		<u>26,971,968</u>	<u>21,790,947</u>
Creditors: amounts falling due after more than one year	16	<u>(9,750,000)</u>	<u>(5,250,000)</u>
Net assets		<u>17,221,968</u>	<u>16,540,947</u>
Capital and reserves			
Called up share capital	18	1,500	1,500
Profit and loss account		17,220,468	16,539,447
Equity shareholders' funds		<u>17,221,968</u>	<u>16,540,947</u>

These financial statements were approved by the board of directors on 12th September 2016 and were signed on its behalf by:

JR Smart
Chairman



Company registered number: 1148586

Statement of Changes in Equity

	Called up Share capital	Profit and loss account	Total equity
	£	£	£
Balance at 1 January 2014	1,500	13,884,748	13,886,248
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year			
Profit for the year	-	2,654,699	2,654,699
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	2,654,699	2,654,699
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2014	1,500	16,539,447	16,540,947
	<hr/>	<hr/>	<hr/>

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

Cash flow statement
for the year ended 31 December 2015

<i>Note</i>	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Cash flows from operating activities		
Profit for the period	681,021	2,654,699
<i>Adjustments for:</i>		
Depreciation, amortisation and impairment	48,448	21,586
(Profit) /loss on disposal of fixed assets	(37,056)	-
Interest receivable and similar income	(74,702)	(90,969)
Interest payable and similar charges	162,575	299,763
Taxation	184,254	726,668
	<hr/>	<hr/>
	964,540	3,611,747
Decrease/(increase) in stocks	(6,907,586)	9,738,087
Decrease in debtors	1,003,244	1,719,962
(Decrease)/increase in creditors	1,040,623	(993,453)
	<hr/>	<hr/>
Interest paid	(3,899,179)	14,076,343
Tax paid	(162,575)	(299,763)
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	(4,502,245)	13,636,452
	<hr/>	<hr/>
Cash flows from investing activities		
Proceeds from sale of tangible fixed assets	94,500	-
Interest received	-	12
Acquisition of tangible fixed assets	(213,230)	(23,000)
	<hr/>	<hr/>
Net cash from investing activities	(118,730)	(22,988)
	<hr/>	<hr/>
Cash flows from financing activities		
Proceeds from new loan	4,500,000	-
Repayment of bank loan	-	(12,800,000)
Settlement of loan from director	-	(600,000)
	<hr/>	<hr/>
Net cash from financing activities	4,500,000	(13,400,000)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	(120,975)	213,464
Cash and cash equivalents at beginning of year	(151,201)	(364,665)
	<hr/>	<hr/>
Cash and cash equivalents at end of year	(272,176)	(151,201)
	<hr/>	<hr/>

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Notes

(forming part of the financial statements)

1 Accounting policies

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

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 and effective immediately 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.

An explanation of how the transition to FRS 102 has affected financial position and financial performance of the Company is provided in note 24.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements:

- Lease incentives – for leases commenced before 1 January 2014 the Company continued to account for lease incentives under previous UK GAAP.

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 23.

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 £23.4m and net assets of £17.2m. Furthermore, the forecasts for the next twelve months indicate that the company will continue to be profitable and cash generative and meet its obligations as they fall due and for at least twelve months from the date of approval of the financial statements. Accordingly, the directors consider it appropriate to continue to prepare the financial statements on a going concern basis.

1.3 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Notes (continued)

1 Accounting policies (continued)

1.4 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.

1.5 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 on a straight-line basis 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. Land is not depreciated. The estimated useful lives are as follows:

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

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.

1.6 Government grants

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred.

1.7 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.

Notes (continued)

1 Accounting policies (continued)

1.8 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes (continued)

1 Accounting policies (continued)

1.9 Employee benefits

Defined contribution plans and other long term employee benefits

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.

1.10 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).

1.11 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

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.

1.12 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.

Notes (continued)

2 Turnover

	2015 £	2014 £
Development Sales	6,445,000	18,644,517
Service Charge Income	226,444	225,875
	<u>6,671,444</u>	<u>18,870,392</u>

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

3 Other operating income

	2015 £	2014 £
Rental income	594,538	830,191
Other income	40,000	1,150,000
Net gain on disposal of tangible fixed assets	37,056	-
	<u>671,594</u>	<u>1,980,191</u>

4 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2015 £	2014 £
Hire of land and buildings – operating leases	22,386	24,720
Depreciation (see note 9)	48,448	21,586
	<u></u>	<u></u>

Auditor's remuneration:

	2015 £	2014 £
Audit of these financial statements	17,000	17,000
Amounts receivable by the company's auditor and its associates in respect of: Other services relating to taxation	<u>18,000</u>	<u>18,000</u>

Notes (continued)

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	
	2015	2014
Administration	5	5
Site workers	3	4
	<u>8</u>	<u>9</u>

The aggregate payroll costs of these persons were as follows:

	2015 £	2014 £
Wages and salaries	587,495	923,571
Social security costs	54,045	97,149
Pension contributions	120,000	-
	<u>761,540</u>	<u>1,020,720</u>

6 Directors' remuneration (being key management personnel compensation)

	2015 £	2014 £
Directors' remuneration	<u>640,949</u>	<u>829,371</u>

The remuneration of the highest paid director was £366,322 (2014: £376,810), and company pension contributions of £90,000 (2014: £nil) were made to a money purchase scheme on his behalf.

	Number of directors	
	2015	2014
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	<u>2</u>	<u>2</u>

Notes (continued)

7 Interest

7a Interest payable and similar charges

	2015 £	2014 £
On bank overdraft and loans	162,575	299,763

7b Interest receivable and similar income

	2015 £	2014 £
Other interest receivable	-	12
Unwinding of financial asset discount	74,702	90,957
	74,702	90,969

8 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2015 £	2014 £
<i>Current tax</i>		
UK corporation tax	199,150	446,653
Adjustments in respect of prior periods	(6,162)	-
Total current tax	192,988	446,653
<i>Deferred tax (see note 13)</i>		
Origination and reversal of timing differences	(8,734)	280,015
Total tax	184,254	726,668

	£	2015 £	£	£	2014 £	£
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
Recognised in Profit and loss account	192,988	(8,734)	184,254	446,653	280,015	726,668

Notes (continued)

8 Taxation (continued)

Reconciliation of effective tax rate

	2015 £	2014 £
Profit for the year	681,021	2,654,699
Total tax expense	184,254	726,668
Profit excluding taxation	865,275	3,381,367
Tax using the UK corporation tax rate of 20.5% (2014: 21.5%)	177,381	726,994
Reduction in tax rate on deferred tax balances	(2,761)	(21,169)
Non-deductible expenses	15,996	20,843
Small companies rate	(200)	-
Adjustments in respect of prior years	(6,162)	-
Total tax expense included in profit or loss	184,254	726,668

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were 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. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 December 2015 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 £	Plant and machinery £	Motor vehicles £	Total £
Cost					
At beginning of year	13,755	23,098	36,740	177,009	250,602
Additions	-	-	-	213,230	213,230
Disposals	-	-	-	(171,404)	(171,404)
At end of year	13,755	23,098	36,740	218,835	292,428
Depreciation					
At beginning of year	13,755	21,180	13,994	114,928	163,857
Charge for the year	-	288	5,686	42,474	48,448
Disposals	-	-	-	(113,960)	(113,960)
At end of year	13,755	21,468	19,680	43,442	98,345
Net book value					
At end of year	-	1,630	17,060	175,393	194,083
At beginning of year	-	1,918	22,746	62,081	86,745

10 Fixed asset investments

	Unlisted Investments £
Cost	
At 1 January 2015 and 31 December 2015	9,000

Unlisted Investments

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

Notes (continued)

11 Stocks

	2015	2014
	£	£
Work in Progress and property for resale	23,879,783	16,972,197

12 Debtors

	2015	2014
	£	£
Trade debtors	4,645,037	5,745,072
Prepayments and accrued income	22,428	166,103
Deferred tax asset (see note 13)	50,189	41,455
Other debtors	393,140	77,972
	<u>5,110,794</u>	<u>6,030,602</u>
Due within one year	1,769,306	1,563,816
Due after more than one year	3,341,488	4,466,786
	<u>5,110,794</u>	<u>6,030,602</u>

Trade debtors include £3,341,488 (2014: £4,466,786) which is due after more than one year.

13 Deferred tax

	2015
	£
Asset at beginning of year	41,455
Credit for the year in the profit and loss account	8,734
	<u>50,189</u>
Asset at end of year	<u>50,189</u>

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

	2015	2014
	£	£
Differences between depreciation and capital allowances	838	4,812
Other timing differences	49,351	36,643
	<u>50,189</u>	<u>41,455</u>
Deferred tax asset (see note 12)	<u>50,189</u>	<u>41,455</u>

Notes (continued)

14 Cash and cash equivalents

	2015 £	2014 £
Cash at bank and in hand	286	415
Bank overdrafts	(272,462)	(151,616)
	<u> </u>	<u> </u>
Cash and cash equivalents per cash flow statements	(272,176)	(151,201)
	<u> </u>	<u> </u>

15 Creditors: amounts falling due within one year

	2015 £	2014 £
Bank overdraft	272,462	151,616
Trade creditors	438,502	101,809
Corporation tax	199,150	446,653
Other creditors including taxation and social security	37,893	67,935
Accruals and deferred income	1,273,971	539,999
	<u> </u>	<u> </u>
	2,221,978	1,308,012
	<u> </u>	<u> </u>

16 Creditors: amounts falling after more than one year

	2015 £	2014 £
Bank loan	9,750,000	5,250,000
	<u> </u>	<u> </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.

	2015 £	2014 £
Creditors falling due more than one year		
Secured bank loans	9,750,000	5,250,000
	<u> </u>	<u> </u>

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

	2015 £	2014 £
Creditors falling due within less than one year		
Unsecured bank facility	272,462	151,616
	<u> </u>	<u> </u>

Notes (continued)

18 Share capital

	2015 £	2014 £
<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.

19 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2015 £	2014 £
Less than one year	24,926	24,720
Between one and five years	-	-
More than five years	-	-
	<u>24,926</u>	<u>24,720</u>

20 Related parties

The company paid open market rent and service charges of £22,386 (2014: £24,720) to the directors' pension scheme in respect of the company's office accommodation.

A storage unit was sold by the company to the directors' pension scheme for £120,000 during the year. This unit was rented back by the company for market rent of £12,000 per annum.

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 Post balance sheet events

Subsequent to the balance sheet date, the company completed contracts on the purchase of the Wharf, a leisure venue in Cardiff Bay. Exchange was during September 2015 and a deposit was paid and completion was finalised on 30 June 2016.

23 Accounting estimates and judgements

There were no key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that may cause material adjustment to the carrying amounts of assets or liabilities within the next financial year.

Notes (continued)

24 Explanation of transition to FRS 102 from old UK GAAP

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2015 and the comparative information presented in these financial statements for the year ended 31 December 2014.

In preparing its FRS 102 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 102 has affected the Company's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

Reconciliation of equity

	UK GAAP £	31 December 2014 effect of transition to FRS 102 £	FRS 102 £
Fixed assets			
Tangible fixed assets	86,745	-	86,745
Investments	9,000	-	9,000
	<u>95,745</u>	<u>-</u>	<u>95,745</u>
Current assets			
Stocks	16,972,197	-	16,972,197
Debtors (note a)	1,527,173	36,643	1,563,816
Cash at bank and in hand	415	-	415
	<u>18,499,785</u>	<u>36,643</u>	<u>18,536,428</u>
Creditors: amounts due within one year	<u>(1,308,012)</u>	<u>-</u>	<u>(1,308,012)</u>
Net current assets	<u>17,191,773</u>	<u>36,643</u>	<u>17,228,416</u>
Debtors: amount falling due after more than one year (note a)	4,650,000	(183,214)	4,466,786
Creditors: amounts falling due after more than one year	<u>(5,250,000)</u>	<u>-</u>	<u>(5,250,000)</u>
Net assets	<u>16,687,518</u>	<u>(146,571)</u>	<u>16,540,947</u>
Capital and reserves			
Called up share capital	1,500	-	1,500
Profit and loss account	16,686,018	(146,571)	16,539,447
Shareholders' funds	<u>16,687,518</u>	<u>(146,571)</u>	<u>16,540,947</u>

Notes (continued)

24 Explanation of transition to FRS 102 from old UK GAAP (continued)

Reconciliation of profit/loss for the comparative year ended 31 December 2014:

	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
Turnover	18,870,392	-	18,870,392
Cost of sales	(15,608,992)	-	(15,608,992)
Gross profit	3,261,400	-	3,261,400
Administrative expenses	(1,651,430)	-	(1,651,430)
Other operating income	1,980,191	-	1,980,191
Operating profit	3,590,161	-	3,590,161
Interest receivable and similar income	12	90,957	90,969
Interest payable and similar charges	(299,763)	-	(299,763)
Profit on ordinary activities before taxation	3,290,410	90,957	3,381,367
Tax on profit on ordinary activities	(708,477)	(18,191)	(726,668)
Profit for the financial period	2,581,933	72,766	2,654,699

Reconciliation of profit/loss and equity from old GAAP to FRS 102

	Note	Profit for the year to 31 December 2014 £	Equity as at 31 December 2014 £	Equity as at 1 January 2014 £
Amount under old GAAP		2,581,933	16,687,518	14,105,585
Change 1	a	90,957	(183,214)	(274,171)
Tax impact of change 1		(18,191)	36,643	54,834
Amount under FRS 102		2,654,699	16,540,947	13,886,248

Notes to the reconciliation of profit/loss and equity

- a) Amounts which are receivable via instalments are currently recognised at face value within short or long term debtors as appropriate. No discounting is applied. Such amounts are classified as debt instruments under Section 11 of FRS 102, and are measured initially at the transaction price. Subsequently, measurement is at amortised cost, using the effective interest method, unless the payment is receivable within one year, in which case it is measured at the undiscounted amount receivable or payable. The effective interest rate is the rate that discounts the expected future cash flows over the expected life of the instrument, to the carrying amount of the instrument.