

J.R. SMART (BUILDERS) LIMITED
STRATEGIC REPORT, REPORT OF THE DIRECTOR AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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J.R. SMART (BUILDERS) LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2022**

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J.R. SMART (BUILDERS) LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2022**

DIRECTOR: G E Smart

SECRETARY: E Cole

REGISTERED OFFICE: 1 John Street
Callaghan Square
Cardiff
South Glamorgan
CF10 5PE

REGISTERED NUMBER: 01148586 (England and Wales)

AUDITORS: MHA
Statutory Auditor
Elfed House
Oak Tree Court
Cardiff Gate Business Park
CARDIFF
County of Cardiff
CF23 8RS

J.R. SMART (BUILDERS) LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

The director presents his strategic report for the year ended 31 December 2022.

Principal activities

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

REVIEW OF BUSINESS

- The last site at Capital Quarter was sold in 2021 and construction has now concentrated on John Street.
- At the date of signing these accounts, construction works were ongoing as were discussions with prospective tenants for the site development along with negotiations for finance and sale.
- The director is confident that strategic aims continue to be relevant, and on track.
- The close working relationship with Lloyds Bank continues.
- Costs were again in line with directors' expectations.

PRINCIPAL RISKS AND UNCERTAINTIES

- These remain related to the impact on the sector for demand for office, industrial and residential space as a result of new ways of working which have evolved during the Covid 19 pandemic.
- The director continues to monitor opportunities as they present themselves while managing cash reserves and site development to best advantage.

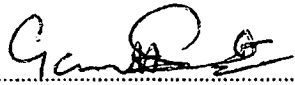
FINANCIAL RISK REPORT

- Development projects are only started (or sites acquired) after our experienced professional team have carried out suitable due diligence on our behalf.
- All projects are reviewed by our management team and external Quantity Surveyors before commencement. Budgets, costs and cash flows are reviewed regularly.
- As well as using local building control inspectors, building projects are independently inspected by insurance company inspectors.

OUTLOOK AND FUTURE DEVELOPMENTS

- The director continues to evaluate the property development sector in terms of an evolving 'hybrid' model of working. They are encouraged by the increased demand for quality within the sector which accords with their strategic plans for future expansion.
- The company continues its focus on the safety and wellbeing of the company's employees and that of its subcontractors and suppliers. Work on our development site has continued, without significant disruption.
- The director is of the opinion that the company has sufficient liquidity to manage its planned programme for the foreseeable future and they shall continue to maximise opportunities as they present themselves.
- Consequently, and given the shortage of quality development stock available in our area of operation, the director has confidence that the longer-term outlook remains positive, and that the financial health of the business is sound.

ON BEHALF OF THE BOARD:


.....
G E Smart - Director

Date: 18-9-2023

J.R. SMART (BUILDERS) LIMITED

**REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31 DECEMBER 2022**

The director presents his report with the financial statements of the company for the year ended 31 December 2022.

DIVIDENDS

Dividends of £Nil (2021: £31,390,396) were paid or proposed during the year.

DIRECTORS

G E Smart has held office during the whole of the period from 1 January 2022 to the date of this report.

Other changes in directors holding office are as follows:

G C Lloyd ceased to be a director after 31 December 2022 but prior to the date of this report.

DISCLOSURE IN THE STRATEGIC REPORT

An overview of developments in the business has been included in the Strategic Report on page 2.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Strategic Report, the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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 AUDITORS

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:



.....
G E Smart - Director

Date: 18-9-2023

REPORT OF THE INDEPENDENT AUDITORS 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 2022 which comprise the Profit and loss account, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report.

Other information

The director is responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Director, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Director have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Director.

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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the Statement of Director's Responsibilities set out on page three, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for 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 the director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inaccurate journals. We addressed these risks by carrying out specifically targeted procedures, which included:

- Enquiries of management, those charged with governance around actual and potential litigation and claims;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness and evaluating the business rationale of significant transactions outside the normal course of business;
- Evaluating the reasons for any large or unusual transactions; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations to underlying supporting documentation.

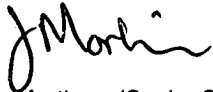
Because of the inherent limitations of an audit there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. The risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
J.R. SMART (BUILDERS) LIMITED**

Use of our report

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 a Report of the Auditors 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.



Julia Mortimer (Senior Statutory Auditor)
for and on behalf of MHA
Statutory Auditor
CARDIFF
CF23 8RS

Date: 20 September 2023

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership
in England and Wales (registered number OC312313)

J.R. SMART (BUILDERS) LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2022**

| | Notes | 2022 £ | 2021 £ |
|--|-------|-------------------------|-------------------------|
| TURNOVER | 3 | - | 1,579,727 |
| Cost of sales | | <u>(29,582)</u> | <u>(1,716,545)</u> |
| GROSS LOSS | | (29,582) | (136,818) |
| Administrative expenses | | <u>(512,485)</u> | <u>(698,901)</u> |
| | | (542,067) | (835,719) |
| Other operating income | 4 | <u>15,187</u> | <u>126,429</u> |
| OPERATING LOSS | 6 | (526,880) | (709,290) |
| Interest receivable and similar income | 7 | - | 13,946 |
| Interest payable and similar expenses | 8 | <u>(89,414)</u> | <u>(64,902)</u> |
| LOSS BEFORE TAXATION | | (616,294) | (760,246) |
| Tax on loss | 9 | <u>124,233</u> | <u>129,097</u> |
| LOSS FOR THE FINANCIAL YEAR | | <u><u>(492,061)</u></u> | <u><u>(631,149)</u></u> |

The notes form part of these financial statements

J.R. SMART (BUILDERS) LIMITED (REGISTERED NUMBER: 01148586)

**BALANCE SHEET
31 DECEMBER 2022**

| | Notes | 2022 £ | 2021 £ |
|--|-------|-------------------|-------------------|
| FIXED ASSETS | | | |
| Tangible assets | 11 | 30,256 | 40,367 |
| Investments | 12 | 9,000 | 9,000 |
| | | <u>39,256</u> | <u>49,367</u> |
| CURRENT ASSETS | | | |
| Stocks | 13 | 14,897,190 | 12,227,237 |
| Debtors | 14 | 388,811 | 212,997 |
| Cash at bank and in hand | | 2,099,460 | 5,057,711 |
| | | <u>17,385,461</u> | <u>17,497,945</u> |
| CREDITORS | | | |
| Amounts falling due within one year | 15 | (5,984,648) | (5,615,182) |
| NET CURRENT ASSETS | | <u>11,400,813</u> | <u>11,882,763</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>11,440,069</u> | <u>11,932,130</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 17 | 1,500 | 1,500 |
| Retained earnings | | 11,438,569 | 11,930,630 |
| SHAREHOLDERS' FUNDS | | <u>11,440,069</u> | <u>11,932,130</u> |

The financial statements were approved by the director and authorised for issue on 18-9-2023 and were signed by:



G E Smart - Director

The notes form part of these financial statements

J.R. SMART (BUILDERS) LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

| | Called up share capital £ | Retained earnings £ | Total equity £ |
|------------------------------------|------------------------------------|---------------------------|----------------------|
| Balance at 1 January 2021 | 1,500 | 43,952,175 | 43,953,675 |
| Changes in equity | | | |
| Dividends | - | (31,390,396) | (31,390,396) |
| Total comprehensive income | - | (631,149) | (631,149) |
| | <hr/> | <hr/> | <hr/> |
| Balance at 31 December 2021 | 1,500 | 11,930,630 | 11,932,130 |
| Changes in equity | | | |
| Total comprehensive income | - | (492,061) | (492,061) |
| | <hr/> | <hr/> | <hr/> |
| Balance at 31 December 2022 | <u>1,500</u> | <u>11,438,569</u> | <u>11,440,069</u> |

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. STATUTORY INFORMATION

J.R. Smart (Builders) Limited is a private company, limited by shares, incorporated, domiciled and registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The financial statements are presented in Sterling (£), the company's functional currency, and rounded to the nearest pound.

The significant accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated. There are no judgements made by the directors in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year.

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.

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 paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirement of paragraph 33.7.

Going concern

As at 31 December 2022, the company had net current assets of £11,400,813 (2021: £11,882,763), including cash of £2,099,460 (2021: £5,057,711), net assets of £11,400,069 (2021: £11,932,130) and reported a loss for the year then ended of £492,061 (2021: loss of £631,149). The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds to meet its liabilities as they fall due for that period.

In preparing these forecasts the directors have considered reasonably possible downside scenarios. Specifically, the directors have considered a scenario in which the company receives no income in the forecast period.

Under this scenario, the company has sufficient resources available to continue trading for the foreseeable future. Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

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 sale of properties), or when the services are provided (for service of properties).

Governments grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

| | |
|-----------------------|----------------------------------|
| 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. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Investments

Investments are valued at the lower of cost or market value.

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, labour and an appropriate proportion of construction overheads.

Taxation

Taxation 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 in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax represents the amount expected to be paid or recovered in respect of taxable profits for the year and is calculated using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Contributions payable to the company's pension scheme are charged to the profit and loss in the period to which they relate.

Employee benefits

When employees have rendered service to the company, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

2. ACCOUNTING POLICIES - continued

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents, trade and other creditors and interest free loans.

Unless otherwise stated, the carrying value of the company's financial assets and liabilities are a reasonable approximation of their fair values.

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price plus or less attributable transaction costs. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses. 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

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 in the balance sheet comprise cash at bank and in hand.

3. TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business for the year ended 31 December 2021 is given below:

| | £ |
|-----------------------|-------------------------|
| Development sales | 1,550,000 |
| Service charge income | <u>29,727</u> |
| | <u><u>1,579,727</u></u> |

This analysis is not considered to be applicable to the year ended 31 December 2022.

4. OTHER OPERATING INCOME

| | 2022 | 2021 |
|---|----------------------|-----------------------|
| | £ | £ |
| Rents received | - | 105,436 |
| Sundry receipts | 15,187 | 2,927 |
| Profit on sale of tangible fixed assets | <u>-</u> | <u>18,066</u> |
| | <u><u>15,187</u></u> | <u><u>126,429</u></u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

5. EMPLOYEES AND DIRECTORS

| | 2022 £ | 2021 £ |
|-----------------------|----------------|----------------|
| Wages and salaries | 307,774 | 409,811 |
| Social security costs | 31,690 | 44,387 |
| Other pension costs | <u>3,592</u> | <u>26,147</u> |
| | <u>343,056</u> | <u>480,345</u> |

The average number of employees during the year, analysed by category, was as follows:

| | 2022 £ | 2021 £ |
|----------------|-----------|-----------|
| Administration | 4 | 4 |
| Site workers | <u>2</u> | <u>3</u> |
| | <u>6</u> | <u>7</u> |

| | 2022 £ | 2021 £ |
|-------------------------|----------------|----------------|
| Directors' remuneration | <u>172,132</u> | <u>234,048</u> |

The number of directors to whom retirement benefits were accruing was as follows:

| | | |
|------------------------|----------|----------|
| Money purchase schemes | <u>1</u> | <u>1</u> |
|------------------------|----------|----------|

6. OPERATING LOSS

The operating loss is stated after charging/(crediting):

| | 2022 £ | 2021 £ |
|---|---------------|---------------|
| Depreciation - owned assets | 9,551 | 15,368 |
| Loss/(profit) on disposal of fixed assets | 560 | (18,066) |
| Auditors' remuneration | 20,000 | 30,000 |
| Hire of land, buildings and vehicles - operating leases | <u>30,230</u> | <u>55,667</u> |

7. INTEREST RECEIVABLE AND SIMILAR INCOME

| | 2022 £ | 2021 £ |
|-----------------------------------|-----------|---------------|
| Bank interest received | - | 3,842 |
| Corporation tax interest received | <u>-</u> | <u>10,104</u> |
| | <u>-</u> | <u>13,946</u> |

8. INTEREST PAYABLE AND SIMILAR EXPENSES

| | 2022 £ | 2021 £ |
|-----------------------------|---------------|---------------|
| On loan from parent company | <u>89,414</u> | <u>64,902</u> |
| | 89,414 | 64,902 |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

9. TAXATION**Analysis of the tax credit**

The tax credit on the loss for the year was as follows:

| | 2022 £ | 2021 £ |
|---|------------------|------------------|
| Current tax: | | |
| Adjustments in respect of prior periods | - | (112,683) |
| Deferred tax | <u>(124,233)</u> | <u>(16,414)</u> |
| Tax on loss | <u>(124,233)</u> | <u>(129,097)</u> |

UK corporation tax has been charged at 19% (2021 - 19%).

Reconciliation of total tax credit 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:

| | 2022 £ | 2021 £ |
|---|------------------|------------------|
| Loss before tax | <u>(616,294)</u> | <u>(760,246)</u> |
| Loss multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%) | (117,096) | (144,447) |
| Effects of: | | |
| Expenses not deductible for tax purposes | 5,735 | 10,023 |
| Income not taxable for tax purposes | - | (3,481) |
| Adjustments to tax charge in respect of previous periods | - | (112,683) |
| Losses carried back | - | 112,683 |
| Group relief surrendered | 16,987 | 12,331 |
| Other permanent differences | - | 660 |
| Change in tax rate | <u>(29,859)</u> | <u>(4,183)</u> |
| Total tax credit | <u>(124,233)</u> | <u>(129,097)</u> |

10. DIVIDENDS

| | 2022 £ | 2021 £ |
|----------------------------|-----------|-------------------|
| Ordinary shares of £1 each | | |
| Final | <u>-</u> | <u>31,390,396</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

11. TANGIBLE FIXED ASSETS

| | Plant and machinery £ | Fixtures and Fittings £ | Motor vehicles £ | Office equipment £ | Totals £ |
|------------------------|-----------------------------|----------------------------------|------------------------|--------------------------|---------------|
| COST | | | | | |
| At 1 January 2022 | 23,000 | 9,435 | 36,964 | 17,191 | 86,590 |
| Disposals | - | - | - | (2,491) | (2,491) |
| At 31 December 2022 | <u>23,000</u> | <u>9,435</u> | <u>36,964</u> | <u>14,700</u> | <u>84,099</u> |
| DEPRECIATION | | | | | |
| At 1 January 2022 | 19,994 | 4,014 | 10,814 | 11,401 | 46,223 |
| Charge for year | 752 | 813 | 6,538 | 1,448 | 9,551 |
| Eliminated on disposal | - | - | - | (1,931) | (1,931) |
| At 31 December 2022 | <u>20,746</u> | <u>4,827</u> | <u>17,352</u> | <u>10,918</u> | <u>53,843</u> |
| NET BOOK VALUE | | | | | |
| At 31 December 2022 | <u>2,254</u> | <u>4,608</u> | <u>19,612</u> | <u>3,782</u> | <u>30,256</u> |
| At 31 December 2021 | <u>3,006</u> | <u>5,421</u> | <u>26,150</u> | <u>5,790</u> | <u>40,367</u> |

12. FIXED ASSET INVESTMENTS

| | Unlisted investments £ |
|---|------------------------------|
| COST | |
| At 1 January 2022 and 31 December 2022 | <u>9,000</u> |
| NET BOOK VALUE | |
| At 31 December 2022 | <u>9,000</u> |
| At 31 December 2021 | <u>9,000</u> |

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

13. STOCKS

| | 2022 £ | 2021 £ |
|---|-------------------|-------------------|
| Work in progress and property for resale | <u>14,897,190</u> | <u>12,227,237</u> |

14. DEBTORS

| | 2022 £ | 2021 £ |
|--------------------------------------|----------------|----------------|
| Amounts falling due within one year: | | |
| Trade debtors | 729 | 694 |
| Other debtors | 2,636 | - |
| Corporation tax | 112,683 | 112,683 |
| VAT | 72,032 | 26,411 |
| Prepayments and accrued income | <u>46,835</u> | <u>43,546</u> |
| | <u>234,915</u> | <u>183,334</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

14. DEBTORS - continued

| | 2022 £ | 2021 £ |
|---|----------------|----------------|
| Amounts falling due after more than one year: | | |
| Deferred tax | <u>153,896</u> | <u>29,663</u> |
| Aggregate amounts | <u>388,811</u> | <u>212,997</u> |
| | | 2022 £ |
| Asset at beginning of year | | 29,663 |
| Charge to the profit and loss account | | <u>124,233</u> |
| Asset at end of year | | <u>153,896</u> |

The deferred tax asset has arisen as a result of timing differences.

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2022 £ | 2021 £ |
|------------------------------------|------------------|------------------|
| Trade creditors | 449,952 | 121,999 |
| Amounts owed to group undertakings | 5,154,316 | 5,064,902 |
| Social security and other taxes | 12,442 | 46,052 |
| Other creditors | 7,091 | 26,626 |
| Accruals and deferred income | <u>360,847</u> | <u>355,603</u> |
| | <u>5,984,648</u> | <u>5,615,182</u> |

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.

| | 2022 £ | 2021 £ |
|---|------------------|------------------|
| Creditors: amounts falling due within one year | | |
| Unsecured loan from parent company | <u>5,154,316</u> | <u>5,064,902</u> |

The unsecured loan from parent company bears interest at a rate of 1.75% per annum. There is no fixed repayment date for the loan.

16. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

| | 2022 £ | 2021 £ |
|----------------------------|----------------|----------------|
| Within one year | 25,809 | 25,308 |
| Between one and five years | 51,802 | 64,492 |
| In more than five years | <u>147,253</u> | <u>151,221</u> |
| | <u>224,864</u> | <u>241,021</u> |

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

| Number: | Class: | Nominal value: | 2022 £ | 2021 £ |
|---------|----------|-------------------|--------------|--------------|
| 1,500 | Ordinary | £1 | <u>1,500</u> | <u>1,500</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

17. CALLED UP SHARE CAPITAL - continued

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.

18. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independent fund. The pension costs charged represents contributions payable by the company to the fund and amounted to £3,592 (2021: £26,147). There were not outstanding contributions payable at the year end (2021: £Nil).

19. RELATED PARTY DISCLOSURES

During the year the company entered into transactions with its related parties. Transactions entered into, and balances outstanding at 31 December, are as follows:

| | Sales £ | Purchases £ | Compensation / dividends £ | Amounts owed from £ | Amounts owed to £ |
|---|------------|----------------|----------------------------------|---------------------------|-------------------------|
| Entities with control, joint control or significant influence | | | | | |
| 2022 | - | 89,414 | - | - | 5,154,316 |
| 2021 | - | 64,902 | - | - | 5,064,902 |
| Other related parties | | | | | |
| 2022 | 9,824 | 5,303 | - | 7,033 | - |
| 2021 | - | 32,155 | - | - | - |
| Key management personnel | | | | | |
| 2022 | - | 68,414 | - | - | - |
| 2021 | 66,735 | 28,431 | 31,390,396 | - | - |

20. ULTIMATE PARENT COMPANY

The company's ultimate parent company is G.E. Smart (Holdings) Limited, a company registered in England and Wales. Copies of the consolidated financial statements are publicly available from Companies House, or by writing to the company secretary at G.E. Smart (Holdings) Limited, No 1 John Street, Callaghan Square, Cardiff, CF10 5PE.