Company Registration No. 0737021 (England and Wales)

# W. R. NEWLAND & SONS LIMITED

## UNAUDITED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 OCTOBER 2017

## PAGES FOR FILING WITH REGISTRAR

# W. R. NEWLAND & SONS LIMITED

## COMPANY INFORMATION

| | |
|---|---|
| **Directors** | B C Newland<br>D L Newland<br>S D Newland<br>N B Newland |
| **Secretary** | Mr S Newland |
| **Company number** | 0737021 |
| **Registered office** | 129 Croydon Road<br>Caterham<br>Surrey<br>CR3 6PE |
| **Accountants** | Roger Lugg & Co<br>12-14 High Street<br>Caterham<br>Surrey<br>CR3 5UA |

## W. R. NEWLAND & SONS LIMITED

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# W. R. NEWLAND & SONS LIMITED

## STATEMENT OF FINANCIAL POSITION

### *AS AT 31 OCTOBER 2017*

| | Notes | 2017 | | 2016 | |
|---|---|---|---|---|---|
| | | £ | £ | £ | £ |
| **Fixed assets** | | | | | |
| Property, plant and equipment | **4** | | 406,373 | | 415,053 |
| Investment properties | **5** | | 1,004,724 | | 996,465 |
| Investments | **6** | | 2 | | 2 |
| | | | 1,411,099 | | 1,411,520 |
| **Current assets** | | | | | |
| Inventories | | 5,635,416 | | 5,582,845 | |
| Trade and other receivables | | 38,039 | | 45,952 | |
| Cash and cash equivalents | | 3,037,917 | | 2,594,054 | |
| | | 8,711,372 | | 8,222,851 | |
| **Current liabilities** | | (256,112) | | (232,056) | |
| **Net current assets** | | | 8,455,260 | | 7,990,795 |
| **Total assets less current liabilities** | | | 9,866,359 | | 9,402,315 |
| **Provisions for liabilities** | | | (134,472) | | (157,804) |
| **Net assets** | | | 9,731,887 | | 9,244,511 |
| **Equity** | | | | | |
| Called up share capital | **7** | | 12,750 | | 12,750 |
| Share premium account | | | 97,350 | | 97,350 |
| Revaluation reserve | **8** | | 309,581 | | 304,998 |
| Capital redemption reserve | | | 15,250 | | 15,250 |
| Retained earnings | **9** | | 9,296,956 | | 8,814,163 |
| **Total equity** | | | 9,731,887 | | 9,244,511 |

# W. R. NEWLAND & SONS LIMITED

## STATEMENT OF FINANCIAL POSITION (CONTINUED)

### *AS AT 31 OCTOBER 2017*

In accordance with section 444 of the Companies Act 2006 all of the members of the company have consented to the preparation of abridged financial statements pursuant to paragraph 1A of Schedule 1 to the Small Companies and Groups (Accounts and Directors' Report) Regulations (S.I. 2008/409)(b).

The directors of the company have elected not to include a copy of the income statement within the financial statements.

For the financial year ended 31 October 2017 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 27 March 2018 and are signed on its behalf by:

B C Newland
**Director**

S D Newland
**Director**

**Company Registration No. 0737021**

## 1 Accounting policies

**Company information**

W. R. Newland & Sons Limited is a private company limited by shares incorporated in England and Wales. The registered office is 129 Croydon Road, Caterham, Surrey, CR3 6PE.

### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary a mounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 October 2017 are the first financial statements of W. R. Newland & Sons Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 November 2015. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 10.

### 1.2 Revenue

Revenue is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue comprises the net sales of properties (on legal completion) and building services work undertaken.

### 1.3 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|---|---|
| Freehold land & buildings | No depreciation of land. Buildings at 1% straight line |
| Plant and machinery | 25% reducing balance (50% in year of purchase) |
| Fixtures, fittings & equipment | 25% reducing balance (50% in year of purchase) |
| Motor vehicles | 25% reducing balance (50% in year of purchase) |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

**1 Accounting policies** **(Continued)**

**1.4 Investment properties**

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

Where the leasehold of a building is sold, the remaining freehold is valued as five years of the ground rent at the time of sale. As ground rents increase this is reflected in the fair value movement.

**1.5 Non-current investments**

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

**1.6 Impairment of non-current assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**1.7 Inventories**

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of inventories over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

**1 Accounting policies** **(Continued)**

**1.8 Cash and cash equivalents**

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**1.9 Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

***Basic financial assets***

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

***Basic financial liabilities***

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

**1.10 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

**1.11 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

**1 Accounting policies** **(Continued)**

***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

***Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

**1.12 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**1.13 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

**1.14 Leases**

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

**2 Employees**

The average monthly number of persons (including directors) employed by the company during the year was 12 (2016 - 12).

## 3 Taxation

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| **Current tax** | | |
| UK corporation tax on profits for the current period | 142,429 | 93,104 |
| Adjustments in respect of prior periods | 936 | - |
| Total current tax | 143,365 | 93,104 |
| **Deferred tax** | | |
| Origination and reversal of timing differences | (11,555) | 7,874 |
| Total tax charge | 131,810 | 100,978 |

## 4 Property, plant and equipment

| | Total |
|---|---|
| | £ |
| **Cost or valuation** | |
| At 1 November 2016 | 505,874 |
| Additions | 9,870 |
| Disposals | (1,838) |
| Revaluation | (2,000) |
| At 31 October 2017 | 511,906 |
| **Depreciation and impairment** | |
| At 1 November 2016 | 90,821 |
| Depreciation charged in the year | 15,966 |
| Eliminated in respect of disposals | (1,254) |
| At 31 October 2017 | 105,533 |
| **Carrying amount** | |
| At 31 October 2017 | 406,373 |
| At 31 October 2016 | 415,053 |

The freehold land and buildings were valued on an open market basis by White & Sons, estate agents, on 29 July 2016. Revaluation gains are taken to the revaluation reserve with a related deferred tax provision made against them. The excess depreciation charge created as a result of using the revaluation model is transferred to the revaluation reserve annually.

**4 Property, plant and equipment** **(Continued)**

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Cost | 10,754 | 10,754 |
| Accumulated depreciation | (224) | - |
| Carrying value | 10,530 | 10,754 |

The revaluation surplus is disclosed in note 8.

**5 Investment property**

| | 2017 |
|---|---|
| | £ |
| **Fair value** | |
| At 1 November 2016 | 996,466 |
| Transfers | 3,000 |
| Revaluations | 5,258 |
| At 31 October 2017 | 1,004,724 |

Investment property comprises properties held that are generating rentals together with the remaining freehold value of developments where the leasehold has been sold. The fair value of the investment property has been arrived at by the directors using valuations undertaken by P.A. Jones Property Solutions and Cubitt & West. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

**6 Fixed asset investments**

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Investments | 2 | 2 |

## 7 Called up share capital

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| **Ordinary share capital** | | |
| **Issued and fully paid** | | |
| 12,750 Ordinary shares of £1 each | 12,750 | 12,750 |
| | 12,750 | 12,750 |

## 8 Revaluation reserve

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| At beginning of year | 304,997 | 112,997 |
| Revaluation surplus arising in the year | (2,000) | 240,000 |
| Deferred tax on revaluation of property, plant and equipment | 11,777 | (48,000) |
| Transfer to retained earnings | (5,193) | - |
| At end of year | 309,581 | 304,997 |

## 9 Retained earnings

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| At the beginning of the year | 8,814,163 | 8,408,764 |
| Profit for the year | 605,100 | 405,399 |
| Dividends declared and paid in the year | (127,500) | - |
| Transfer from revaluation reserve | 5,193 | - |
| At the end of the year | 9,296,956 | 8,814,163 |

Included within retained earnings are non-distributable profits, as set out below:

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| **Non-distributable profits included above** | | |
| At the beginning of the year | 307,777 | 269,633 |
| Non distributable profits in the year | 15,905 | 38,144 |
| At the end of the year | 323,682 | 307,777 |
| **Distributable profits** | 8,973,274 | 8,506,386 |

## 10 Reconciliations on adoption of FRS 102

Reconciliations and descriptions of the effect of the transition to FRS 102 on; (i) equity at the date of transition to FRS 102; (ii) equity at the end of the comparative period; and (iii) profit or loss for the comparative period reported under previous UK GAAP are given below.

**Reconciliation of equity**

| | Notes | 1 November 2015 | 31 October 2016 |
|---|---|---|---|
| | | £ | £ |
| Equity as reported under previous UK GAAP | | 8,580,264 | 9,194,552 |
| Adjustments arising from transition to FRS 102: | | | |
| Investment properties | 1 | 73,738 | 53,704 |
| Holiday pay accrual | 2 | (8,614) | (4,681) |
| Corporation tax on holiday pay accrual | 3 | 1,723 | 936 |
| Equity reported under FRS 102 | | 8,647,111 | 9,244,511 |

**10 Reconciliations on adoption of FRS 102** **(Continued)**

**Reconciliation of profit for the financial period**

| | Notes | 2016 £ |
|---|---|---|
| Profit as reported under previous UK GAAP | | 364,109 |
| Adjustments arising from transition to FRS 102: | | |
| Investment properties | 1 | 38,144 |
| Holiday pay accrual | 2 | 3,933 |
| Corporation tax on holiday pay accrual | 3 | (787) |
| Profit reported under FRS 102 | | 405,399 |

**Notes to reconciliations on adoption of FRS 102**

**1. Investment properties held at fair value**
Under FRS 102, changes in the fair value of investment properties are recorded in the profit and loss account. It is also required for deferred tax to be provided on any fair value gains. At the transition date, the effect of this was an increase in equity of £73,738. In 2016, the effect was an increase in equity of £53,704.

**2. Holiday pay accrual**
Prior to applying FRS 102 the company did not make provision for holiday pay which comprises holiday earned but not taken prior to the year end. FRS 102 requires short term benefits to be charged to the profit and loss account as the employee service is received. This has resulted in the company recognising a liability of holiday pay of £8,614 on transition to FRS 102. The provision is reduced at 31 October 2016 to £4,681 and the effect on profit for the year ended 31 October 2016 is additional income of £3,933.

**3. Corporation tax on holiday pay accrual**
The company has accounted for Corporation tax on the holiday pay accrual. This has decreased the liability by £1,723 on transition. At 31 October 2016 the Corporation tax liability was reduced by £936 and the Corporation tax charge was increased by £787.

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