

**Group Strategic Report,
Report of the Directors and
Consolidated Financial Statements
for the Year Ended 31 December 2018
for
Cavendish & Gloucester Properties
Limited**

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for the Year Ended 31 December 2018**

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**Cavendish & Gloucester Properties
Limited**

**Company Information
for the Year Ended 31 December 2018**

DIRECTORS:

P L Murphy
M Slane

SECRETARY:

P Williams

REGISTERED OFFICE:

1st Floor
Winston House
2 Dollis Park
London
N3 1HF

REGISTERED NUMBER:

01067607 (England and Wales)

AUDITORS:

Elliotts Shah
Statutory Auditor
Chartered Accountants
Ground Floor, Bury House
31 Bury Street
London
EC3A 5AR

**Chairman's Report
for the Year Ended 31 December 2018**

I am pleased to report that for the 5th continuous year we again made a reasonable profit in the last financial year. The market has continued to be overshadowed by the stamp duty changes although we sold all our development at Aultone Way in Sutton and have early sales at Eden Hall in Kent and the Laurels in Arlesford, Hampshire. On the planning side we successfully achieved permission to build 70 flats at Wella in Basingstoke and have agreed a sale of the entire development to a housing association.

I am grateful to United Trust bank and our main bankers NatWest for their continued support and with the benefit of the Wella sale, I look forward to our 6th profitable year in succession.

P L Murphy

Date:

24th July 2019

**Group Strategic Report
for the Year Ended 31 December 2018**

The directors present their strategic report of the company and the group for the year ended 31 December 2018.

REVIEW OF BUSINESS

The review of the group's activities during the year and its future prospects are as indicated in the Chairman's statement.

PRINCIPAL RISKS AND UNCERTAINTIES

As with many businesses in our sector and of our size, the business environment in which the company operates continues to be challenging and influenced mainly by credit restrictions impacting on financing of our developments and on the ability of buyers to finance purchases of property.

KEY PERFORMANCE INDICATORS

	2018	2017
	£	£
Turnover	10,249,917	14,962,251
Profit before tax	1,120,113	1,409,664
Profit after tax before minority interest	913,316	1,140,551

The performance of the group during the year has been summarised in the Chairman's statement.

ON BEHALF OF THE BOARD:

.....
P L Murphy - Director

Date:

24th July 2019

**Report of the Directors
for the Year Ended 31 December 2018**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The principal activities of the group in the year under review continued to be property development, dealing and investment and the provision of management services.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2018.

DIRECTORS

The directors during the year under review were:

P L Murphy
M Slane

The beneficial interests of the directors holding office on 31 December 2018 in the issued share capital of the company were as follows:

	31.12.18	1.1.18
Ordinary shares £1 shares		
P L Murphy	1,693,311	1,693,311
M Slane	14,104	14,104

In addition to the interests shown above, P L Murphy also has an indirect interest in the company by virtue of his beneficial interest in MFC Estates plc which is interested in 12.80% (2017: 12.80%) of the company's share capital, and by being a member of the KCG Pension Fund, together with his wife, being the only two members of that scheme, which is interested in a further 9.04% (2017: 9.04%) of the company's share capital.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

In common with every other business, the company seeks to minimise financial risk. The measures used by the directors to manage this risk include the preparation of profit forecasts, regular monitoring of actual performance, and ensuring that adequate financial facilities are in place to meet the requirements of the business.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

**Report of the Directors
for the Year Ended 31 December 2018**

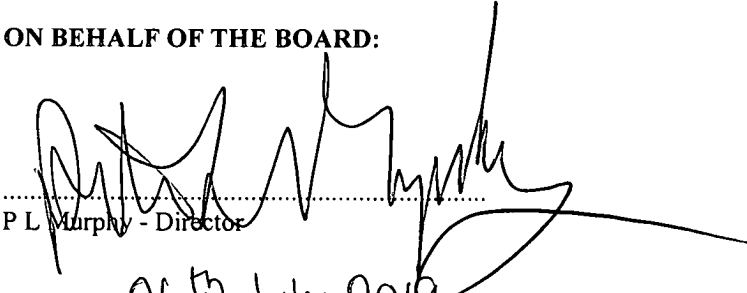
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director 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 group's auditors are aware of that information.

AUDITORS

The auditors, Elliotts Shah, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:


.....
P L Murphy - Director

Date:

24th July 2019

**Report of the Independent Auditors to the Members of
Cavendish & Gloucester Properties
Limited**

Opinion

We have audited the financial statements of Cavendish & Gloucester Properties Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, 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 group's and of the parent company affairs as at 31 December 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 group 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Annual Report, 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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 Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

**Report of the Independent Auditors to the Members of
Cavendish & Gloucester Properties
Limited**

Matters on which we are required to report by exception

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

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are 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 directors determine 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 directors are responsible for assessing the group's and the parent 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 directors either intend to liquidate the group or the parent company or to cease operations, or have 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.

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.

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.

Manoj Haria (Senior Statutory Auditor)
for and on behalf of Elliotts Shah
Statutory Auditor
Chartered Accountants
Ground Floor, Bury House
31 Bury Street
London
EC3A 5AR

Date: 29 July 2019

**Consolidated Statement of Comprehensive Income
for the Year Ended 31 December 2018**

	Notes	2018 £	2017 £
TURNOVER	3	10,249,917	14,962,251
Cost of sales		<u>6,926,587</u>	<u>10,423,956</u>
GROSS PROFIT		3,323,330	4,538,295
Property and selling costs		604,831	684,257
Administrative expenses		<u>1,847,599</u>	<u>1,796,633</u>
		<u>2,452,430</u>	<u>2,480,890</u>
		870,900	2,057,405
Other operating income		<u>1,209,626</u>	<u>293,279</u>
OPERATING PROFIT	5	2,080,526	2,350,684
Interest receivable and similar income		<u>56</u>	<u>-</u>
		2,080,582	2,350,684
Interest payable and similar expenses	6	<u>960,469</u>	<u>941,020</u>
PROFIT BEFORE TAXATION		1,120,113	1,409,664
Tax on profit	7	<u>206,797</u>	<u>269,113</u>
PROFIT FOR THE FINANCIAL YEAR		913,316	1,140,551
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>913,316</u>	<u>1,140,551</u>
Profit attributable to:			
Owners of the parent		913,031	1,140,508
Non-controlling interests		<u>285</u>	<u>43</u>
		<u>913,316</u>	<u>1,140,551</u>
Total comprehensive income attributable to:			
Owners of the parent		913,031	1,140,508
Non-controlling interests		<u>285</u>	<u>43</u>
		<u>913,316</u>	<u>1,140,551</u>

The notes form part of these financial statements

**Cavendish & Gloucester Properties
Limited (Registered number: 01067607)**

**Consolidated Balance Sheet
31 December 2018**

	Notes	2018 £	2017 £
FIXED ASSETS			
Intangible assets	9	4,371	-
Tangible assets	10	28,057	60,230
Investment property	12	<u>4,780,492</u>	<u>3,605,331</u>
		4,812,920	3,665,561
CURRENT ASSETS			
Stocks	13	31,322,965	34,423,014
Debtors	14	8,397,329	6,451,998
Cash at bank and in hand		<u>4,256,791</u>	<u>2,559,683</u>
		43,977,085	43,434,695
CREDITORS			
Amounts falling due within one year	15	<u>25,068,391</u>	<u>22,827,242</u>
NET CURRENT ASSETS		<u>18,908,694</u>	<u>20,607,453</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		23,721,614	24,273,014
CREDITORS			
Amounts falling due after more than one year	16	(5,145,284)	(6,740,000)
PROVISIONS FOR LIABILITIES	18	<u>(426,000)</u>	<u>(296,000)</u>
NET ASSETS		<u><u>18,150,330</u></u>	<u><u>17,237,014</u></u>
CAPITAL AND RESERVES			
Called up share capital	19	2,184,379	2,184,379
Share premium	20	831,495	831,495
Capital reserves	20	489,227	489,227
Retained earnings	20	<u>14,615,496</u>	<u>13,702,465</u>
SHAREHOLDERS' FUNDS		18,120,597	17,207,566
NON-CONTROLLING INTERESTS	21	<u>29,733</u>	<u>29,448</u>
TOTAL EQUITY		<u><u>18,150,330</u></u>	<u><u>17,237,014</u></u>

The financial statements were approved by the Board of Directors on
its behalf by:

24th July 19

and were signed on

P L Murphy - Director

The notes form part of these financial statements

**Cavendish & Gloucester Properties
Limited (Registered number: 01067607)**

**Company Balance Sheet
31 December 2018**

	Notes	2018 £	2017 £
FIXED ASSETS			
Tangible assets	10	2,086	2,318
Investments	11	5,177,012	5,177,012
		<u>5,179,098</u>	<u>5,179,330</u>
CURRENT ASSETS			
Stocks	13	31,347,304	34,207,980
Debtors	14	7,448,192	5,430,016
Cash at bank and in hand		<u>4,148,294</u>	<u>2,434,550</u>
		42,943,790	42,072,546
CREDITORS			
Amounts falling due within one year	15	<u>28,936,579</u>	<u>26,517,388</u>
NET CURRENT ASSETS		<u>14,007,211</u>	<u>15,555,158</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		19,186,309	20,734,488
CREDITORS			
Amounts falling due after more than one year	16	<u>(5,145,284)</u>	<u>(6,740,000)</u>
NET ASSETS		<u>14,041,025</u>	<u>13,994,488</u>
CAPITAL AND RESERVES			
Called up share capital	19	2,184,379	2,184,379
Share premium	20	831,495	831,495
Capital reserves	20	1,109	1,109
Retained earnings	20	<u>11,024,042</u>	<u>10,977,505</u>
SHAREHOLDERS' FUNDS		<u>14,041,025</u>	<u>13,994,488</u>
Company's profit for the financial year		<u>46,537</u>	<u>595,490</u>

The financial statements were approved by the Board of Directors on 24th July 2019 and were signed on its behalf by:

.....
P L Murphy - Director

The notes form part of these financial statements

**Cavendish & Gloucester Properties
Limited (Registered number: 01067607)**

**Consolidated Statement of Changes in Equity
for the Year Ended 31 December 2018**

	Called up share capital £	Retained earnings £	Share premium £
Balance at 1 January 2017	2,184,379	12,561,957	831,495
Changes in equity			
Total comprehensive income	-	1,140,508	-
Balance at 31 December 2017	<u>2,184,379</u>	<u>13,702,465</u>	<u>831,495</u>
Changes in equity			
Total comprehensive income	-	913,031	-
Balance at 31 December 2018	<u>2,184,379</u>	<u>14,615,496</u>	<u>831,495</u>

	Capital reserves £	Total £	Non-controlling interests £	Total equity £
Balance at 1 January 2017	489,227	16,067,058	29,405	16,096,463
Changes in equity				
Total comprehensive income	-	1,140,508	43	1,140,551
Balance at 31 December 2017	<u>489,227</u>	<u>17,207,566</u>	<u>29,448</u>	<u>17,237,014</u>
Changes in equity				
Total comprehensive income	-	913,031	285	913,316
Balance at 31 December 2018	<u>489,227</u>	<u>18,120,597</u>	<u>29,733</u>	<u>18,150,330</u>

The notes form part of these financial statements

**Cavendish & Gloucester Properties
Limited (Registered number: 01067607)**

**Company Statement of Changes in Equity
for the Year Ended 31 December 2018**

	Called up share capital £	Retained earnings £	Share premium £	Capital reserves £	Total equity £
Balance at 1 January 2017	2,184,379	10,382,015	831,495	1,109	13,398,998
Changes in equity					
Total comprehensive income	-	595,490	-	-	595,490
Balance at 31 December 2017	<u>2,184,379</u>	<u>10,977,505</u>	<u>831,495</u>	<u>1,109</u>	<u>13,994,488</u>
Changes in equity					
Total comprehensive income	-	46,537	-	-	46,537
Balance at 31 December 2018	<u>2,184,379</u>	<u>11,024,042</u>	<u>831,495</u>	<u>1,109</u>	<u>14,041,025</u>

The notes form part of these financial statements

**Cavendish & Gloucester Properties
Limited (Registered number: 01067607)**

**Consolidated Cash Flow Statement
for the Year Ended 31 December 2018**

	Notes	2018 £	2017 £
Cash flows from operating activities			
Cash generated from operations	1	(3,281,339)	4,063,005
Interest paid		(920,754)	(938,932)
Tax paid		<u>(270,586)</u>	<u>(279,714)</u>
Net cash from operating activities		<u>(4,472,679)</u>	<u>2,844,359</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(4,786)	(40,888)
Acquisition of subsidiary		(424,754)	-
Sale of tangible fixed assets		21,880	3,425
Interest received		<u>56</u>	<u>-</u>
Net cash from investing activities		<u>(407,604)</u>	<u>(37,463)</u>
Cash flows from financing activities			
Loans drawn down		11,324,900	6,035,013
Loans repaid		<u>(4,747,509)</u>	<u>(9,198,582)</u>
Net cash from financing activities		<u>6,577,391</u>	<u>(3,163,569)</u>
Increase/(decrease) in cash and cash equivalents		<u>1,697,108</u>	<u>(356,673)</u>
Cash and cash equivalents at beginning of year	2	<u>2,559,683</u>	<u>2,916,356</u>
Cash and cash equivalents at end of year	2	<u><u>4,256,791</u></u>	<u><u>2,559,683</u></u>

The notes form part of these financial statements

**Notes to the Consolidated Cash Flow Statement
for the Year Ended 31 December 2018**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2018	2017
	£	£
Profit before taxation	1,120,113	1,409,664
Depreciation charges	4,310	7,482
Loss on disposal of fixed assets	5,983	11,431
Gain on revaluation of fixed assets	(750,375)	-
Finance costs	960,469	941,020
Finance income	(56)	-
	<u>1,340,444</u>	<u>2,369,597</u>
Decrease/(increase) in stocks	3,100,049	(4,410,584)
(Increase)/decrease in trade and other debtors	(1,943,159)	3,697,882
(Decrease)/increase in trade and other creditors	<u>(5,778,673)</u>	<u>2,406,110</u>
Cash generated from operations	<u>(3,281,339)</u>	<u>4,063,005</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2018

	31.12.18	1.1.18
	£	£
Cash and cash equivalents	<u>4,256,791</u>	<u>2,559,683</u>

Year ended 31 December 2017

	31.12.17	1.1.17
	£	£
Cash and cash equivalents	<u>2,559,683</u>	<u>2,916,356</u>

**Notes to the Consolidated Financial Statements
for the Year Ended 31 December 2018**

1. STATUTORY INFORMATION

Cavendish & Gloucester Properties Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

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 as modified by the revaluation of certain assets.

Going concern

After considering the group's prospects, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its financial statements.

Significant judgement and estimates

In preparing the financial statements, estimates and judgements are made about the carrying values of assets and liabilities. Estimates and judgements are continually reviewed and are based on factors such as historical experience and other factors that are considered to be relevant.

Basis of consolidation

Subsidiaries

The consolidated financial statements include the accounts of the parent company and all its subsidiaries. Goodwill arising on consolidation and representing the excess of the fair value of the net assets acquired over purchase price is amortised over its estimated useful life of five years from the first full financial year after acquisition.

Joint property projects

The group is involved in various joint property project developments. The nature of most of these joint property projects is such that the group controls the day to day operations with a share of the profits or losses attributable to third party participants. Accordingly, the group has consolidated the results of those joint property projects under its control as if they were a normal part of its own trading. The share of profits or losses attributable to joint property participants has been shown separately before arriving at gross profit and the amounts invested by the joint property participants have been included under creditors due within one year.

The results for the joint property projects managed by others has been disclosed separately on the profit and loss account before arriving at gross profit and the amount invested in these joint property projects has been included under debtors.

Turnover

Turnover represents sales of properties held as trading stock, fees receivable from property management, rents receivable from investment properties and insurance commissions receivable, all relating to the year and excluding VAT. Sales of properties are recognised on the basis of unconditional contracts exchanged in the year.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings	- 10% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- Straight line over 3 years

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2018**

2. ACCOUNTING POLICIES - continued

Investment property

Investment property is included at fair value as determined by the directors. Revaluation surpluses or deficits are recognised in the income statement. Deferred tax is provided on those gains at the rate expected to apply when the property is sold.

Stocks

Stocks are valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, 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 is recognised at the amount of tax payable 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 group operates a defined benefit pension scheme in respect of one director and one employee and makes contributions to other directors' and employees' personal pension schemes.

Fixed asset investments

Fixed asset investments are stated at cost less provision for permanent diminution in value.

3. TURNOVER

The turnover and profit before taxation are attributable to the principal activities of the group.

An analysis of turnover by class of business is given below:

	2018	2017
	£	£
Sale of properties	9,278,464	13,782,800
Management fees	794,860	1,033,070
Insurance commissions received	32,688	38,836
Investment property rents	120,905	97,545
Lease extension fees	23,000	10,000
	<u>10,249,917</u>	<u>14,962,251</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2018**

4. EMPLOYEES AND DIRECTORS

	2018	2017
	£	£
Wages and salaries	834,369	724,752
Social security costs	105,040	93,486
Other pension costs	<u>27,236</u>	<u>24,497</u>
	<u>966,645</u>	<u>842,735</u>

The average number of employees during the year was as follows:

	2018	2017
Sales and marketing	3	2
Office and management	<u>10</u>	<u>9</u>
	<u>13</u>	<u>11</u>

	2018	2017
	£	£
Directors' remuneration	<u>157,500</u>	<u>157,500</u>

5. OPERATING PROFIT

The operating profit is stated after charging:

	2018	2017
	£	£
Depreciation - owned assets	4,310	7,482
Auditors' remuneration	22,960	16,000
Remuneration of auditors for non-audit work	<u>29,200</u>	<u>27,810</u>

Directors' remuneration	<u>157,500</u>	<u>157,500</u>
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Other operating income includes:

Increase in value of investment properties	750,375	-
Rents receivable from trading properties	<u>384,251</u>	<u>222,712</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018	2017
	£	£
Bank interest	858,446	880,921
Interest payable on overdue tax	2,451	2,266
Other interest payable	<u>99,572</u>	<u>57,833</u>
	<u>960,469</u>	<u>941,020</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2018**

7. TAXATION

Analysis of the tax charge

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

	2018 £	2017 £
Current tax:		
UK corporation tax	76,485	272,701
Adjustment for prior years	<u>312</u>	<u>412</u>
Total current tax	76,797	273,113
Deferred tax	<u>130,000</u>	<u>(4,000)</u>
Tax on profit	<u><u>206,797</u></u>	<u><u>269,113</u></u>

Reconciliation of total tax charge included in profit and loss

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

	2018 £	2017 £
Profit before tax	<u>1,120,113</u>	<u>1,409,664</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19%)	212,821	267,836
Effects of:		
Expenses not deductible for tax purposes	6,528	3,530
Capital allowances in excess of depreciation	-	(1,728)
Depreciation in excess of capital allowances	1,166	-
Adjustments to tax charge in respect of previous periods	312	412
Other tax adjustments	(1,459)	3,063
Fair value increase in investment properties	(142,571)	-
Deferred tax	<u>130,000</u>	<u>(4,000)</u>
Total tax charge	<u><u>206,797</u></u>	<u><u>269,113</u></u>

8. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2018**

9. GOODWILL

Group	Goodwill £
COST	
Additions	<u>4,371</u>
At 31 December 2018	<u>4,371</u>
NET BOOK VALUE	
At 31 December 2018	<u>4,371</u>

10. TANGIBLE FIXED ASSETS

Group	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 January 2018	139,566	50,480	33,286	223,332
Disposals	<u>-</u>	<u>(30,000)</u>	<u>-</u>	<u>(30,000)</u>
At 31 December 2018	<u>139,566</u>	<u>20,480</u>	<u>33,286</u>	<u>193,332</u>
DEPRECIATION				
At 1 January 2018	112,323	21,148	29,631	163,102
Charge for year	2,725	367	1,218	4,310
Eliminated on disposal	<u>-</u>	<u>(2,137)</u>	<u>-</u>	<u>(2,137)</u>
At 31 December 2018	<u>115,048</u>	<u>19,378</u>	<u>30,849</u>	<u>165,275</u>
NET BOOK VALUE				
At 31 December 2018	<u>24,518</u>	<u>1,102</u>	<u>2,437</u>	<u>28,057</u>
At 31 December 2017	<u>27,243</u>	<u>29,332</u>	<u>3,655</u>	<u>60,230</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2018**

10. TANGIBLE FIXED ASSETS - continued

Company

Fixtures
and
fittings
£

COST

At 1 January 2018
and 31 December 2018

55,573

DEPRECIATION

At 1 January 2018
Charge for year

53,255
232

At 31 December 2018

53,487

NET BOOK VALUE

At 31 December 2018

2,086

At 31 December 2017

2,318

11. FIXED ASSET INVESTMENTS

Company

Shares in
group
undertakings
£

COST

At 1 January 2018
and 31 December 2018

5,329,086

PROVISIONS

At 1 January 2018
and 31 December 2018

152,074

NET BOOK VALUE

At 31 December 2018

5,177,012

At 31 December 2017

5,177,012

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2018**

11. FIXED ASSET INVESTMENTS - continued

Cavendish & Gloucester Properties Limited holds the following direct and indirect interests in equity capital of the undertakings indicated below:

Name of company	Country of registration	Holdings	Proportion held
Trading companies			
Covemile Limited	England	Ordinary shares	90%
Gardenstate Properties Limited	England	Ordinary shares	100%
Halterstone Limited	England	Ordinary shares	100%
Happy Homes M25 Limited	England	Ordinary shares	100%
M25 Investments Limited	England	Ordinary shares	100%
Roundpoll Limited (with some investment activity)	England	Ordinary shares	100%
Roundpoll Insurance Services Limited	England	Ordinary shares	100%
Wadestock Limited	England	Ordinary shares	100%
Investment or holding companies			
Albemarle Chambers (Scarborough)	England	Ordinary shares	100%
Dawnstar Properties Limited	England	Ordinary shares	100%
Herbgrove Limited	England	Ordinary shares	100%
Invicta Holdings Limited	England	Ordinary shares	100%
M25 Holdings Limited	England	Ordinary shares	100%
M25 Estates Limited	England	Ordinary shares	100%
Dormant or nominee companies			
Canaryridge Limited	England	Ordinary shares	100%
C&G Properties Limited	England	Ordinary shares	100%
Condo Properties Limited	England	Ordinary shares	100%
Desarex Properties Limited	England	Ordinary shares	100%
Knightspur Properties Limited	England	Ordinary shares	100%
Knightspur Homes Limited	England	Ordinary shares	100%
Totteridge Common Limited	England	Ordinary shares	100%

Acquisition of subsidiary undertaking

On 20 July 2018, the company's subsidiary, Herbgrove Limited, acquired 100% of the issued share capital of Albemarle Chambers (Scarborough) for a consideration of £424,754, including associated acquisition costs.

Goodwill arising on the acquisition has been capitalised and will be amortised over its expected useful life of 5 years. The investment in the company has been included in the group's balance sheet at its fair value at the date of acquisition.

Analysis of acquisition

	Book value	Revaluation	Fair value to group
Tangible fixed assets	80,403	339,597	420,000
Debtors	2,172	-	2,172
Creditors	(1,789)	-	(1,789)
	<u>80,786</u>	<u>1,158,692</u>	420,383
Goodwill arising on acquisition			4,371

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2018**

11. FIXED ASSET INVESTMENTS - continued

Cash consideration	<u>424,754</u>
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Albemarle Chambers (Scarborough) results for the period from 6 April 2018 to 20 July 2018, prior to acquisition by Herbgrove Limited, are summarised below:

Profit and loss account	£
Turnover	11,397
Staff costs and other charges	<u>(11,672)</u>
Loss before taxation	(275)
Taxation	<u>-</u>
Loss after taxation	<u>(275)</u>

12. INVESTMENT PROPERTY

Group	Total £
FAIR VALUE	
At 1 January 2018	3,605,331
Additions	4,786
Acquired with subsidiary	420,000
Revaluations	<u>750,375</u>
At 31 December 2018	<u>4,780,492</u>
NET BOOK VALUE	
At 31 December 2018	<u>4,780,492</u>
At 31 December 2017	<u>3,605,331</u>

The investment properties have been stated at directors' valuation. The historical cost of the investment properties is £1,682,772 (2017: £1,257,986).

13. STOCKS

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Stock of properties	<u>31,322,965</u>	<u>34,423,014</u>	<u>31,347,304</u>	<u>34,207,980</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2018**

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Trade debtors	466,028	170,130	237,823	37,390
Amounts owed by group undertakings	-	-	423,253	326
Other debtors	5,517,949	3,844,067	5,517,802	3,839,309
Amounts invested in joint property developments	863,984	811,665	863,984	811,665
VAT	-	28,403	43,072	184,904
Prepayments and accrued income	<u>1,549,368</u>	<u>1,597,733</u>	<u>362,258</u>	<u>556,422</u>
	<u>8,397,329</u>	<u>6,451,998</u>	<u>7,448,192</u>	<u>5,430,016</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Bank loans and overdrafts (see note 17)	14,301,372	8,764,265	14,301,372	8,764,265
Other loans (see note 17)	2,635,000	-	2,635,000	-
Trade creditors	614,461	572,491	605,202	551,664
Amounts owed to group undertakings	-	-	4,045,889	4,280,363
Corporation tax	76,485	270,274	-	18,371
Social security and other taxes	2,747	3,378	-	-
VAT	5,991	-	-	-
Other creditors	1,387,963	1,415,228	1,376,846	1,404,425
Amounts owed to joint property participants	5,190,282	8,870,671	5,189,816	8,870,517
Amounts due to landlords	30,141	22,389	-	-
Directors' current accounts	-	1,540,359	-	1,540,359
Accruals and deferred income	<u>823,949</u>	<u>1,368,187</u>	<u>782,454</u>	<u>1,087,424</u>
	<u>25,068,391</u>	<u>22,827,242</u>	<u>28,936,579</u>	<u>26,517,388</u>

The bank loans are secured by way of legal mortgages over land and buildings owned by the group.

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Bank loans (see note 17)	4,945,284	4,105,000	4,945,284	4,105,000
Other loans (see note 17)	<u>200,000</u>	<u>2,635,000</u>	<u>200,000</u>	<u>2,635,000</u>
	<u>5,145,284</u>	<u>6,740,000</u>	<u>5,145,284</u>	<u>6,740,000</u>

The bank loans are secured by way of legal mortgages over land and building owned by the group. The other loans comprise of both secured and unsecured loans with the former secured on land and buildings owned by related entities.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2018**

17. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank loans	14,301,372	8,764,265	14,301,372	8,764,265
Other loans	<u>2,635,000</u>	<u>-</u>	<u>2,635,000</u>	<u>-</u>
	<u>16,936,372</u>	<u>8,764,265</u>	<u>16,936,372</u>	<u>8,764,265</u>
Amounts falling due between one and two years:				
Bank loans - 1-2 years	288,039	232,000	288,039	232,000
Other loans - 1-2 years	<u>200,000</u>	<u>2,635,000</u>	<u>200,000</u>	<u>2,635,000</u>
	<u>488,039</u>	<u>2,867,000</u>	<u>488,039</u>	<u>2,867,000</u>
Amounts falling due between two and five years:				
Bank loans - 2-5 years	<u>4,657,245</u>	<u>3,873,000</u>	<u>4,657,245</u>	<u>3,873,000</u>

18. PROVISIONS FOR LIABILITIES

	Group	
	2018	2017
	£	£
Deferred tax	<u>426,000</u>	<u>296,000</u>
Group		
		Deferred tax
		£
Balance at 1 January 2018		296,000
Provided during year		<u>130,000</u>
Balance at 31 December 2018		<u>426,000</u>

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2018	2017
			£	£
2,184,379	Ordinary shares	£1	<u>2,184,379</u>	<u>2,184,379</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2018**

20. RESERVES

Group

	Retained earnings £	Share premium £	Capital reserves £	Totals £
At 1 January 2018	13,702,465	831,495	489,227	15,023,187
Profit for the year	<u>913,031</u>			<u>913,031</u>
At 31 December 2018	<u>14,615,496</u>	<u>831,495</u>	<u>489,227</u>	<u>15,936,218</u>

Company

	Retained earnings £	Share premium £	Capital reserves £	Totals £
At 1 January 2018	10,977,505	831,495	1,109	11,810,109
Profit for the year	<u>46,537</u>			<u>46,537</u>
At 31 December 2018	<u>11,024,042</u>	<u>831,495</u>	<u>1,109</u>	<u>11,856,646</u>

21. NON-CONTROLLING INTERESTS

	£
At 1 January 2018	29,448
Profit and loss charge for the year	<u>285</u>
At 31 December 2018	<u>29,733</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2018**

22. RELATED PARTY DISCLOSURES

a) Joint property participants' share of profits includes profits / (loss) attributable to the following related parties:

	2018	2017
	£	£
Reachdram Limited	1,253	162,516
Revelprime Limited	4,470	5,407
MFC Estates plc	(69,709)	(83,000)
Mountheed Limited	(100,033)	(41,454)
P L Murphy	(1,762)	43,869
P Murphy Children's Trust	<u>(18,326)</u>	<u>19,526</u>

Profits / (losses) from joint property
projects managed by related parties were:

Managed by Reachdram Limited	13,750	-
Managed by Plaint Limited	<u>19,363</u>	<u>23,605</u>

Amounts invested in joint property
projects for the company and the group are
due from the following related parties:

Reachdram Limited	9,332	9,332
Plaint Limited	681,695	732,332

Amounts owed to joint property
participants for the company and the group
include amounts owed to the following
related parties:

Reachdram Limited	600,187	1,030,421
Revelprime Limited	88,115	88,145
Mountheed Limited	236,545	336,840
P L Murphy	110,827	155,089
P Murphy Children's Trust	454,109	953,677
MFC Estates plc	<u>84,995</u>	<u>155,356</u>

In addition to the above, other debtors and
other creditors for the company and the
group include the following related party
balances due from / (to):

Due to Delaway Limited	(12,806)	(12,806)
Due from MFC Estates plc	5,462,091	3,742,298
Due from Enterprise Properties Limited	-	43,529
Due to M 25 Group Limited	(1,080,000)	(1,200,001)
Due to Cavendish & Gloucester plc	<u>(66,421)</u>	<u>(66,721)</u>

The above balances are unsecured and interest free.

(i) Reachdram Limited is under the control of the director, M Slane, by virtue of his beneficial interest in that company.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2018**

(ii) Revelprime Limited and Mountheed Limited are wholly owned subsidiaries of M 25 Group Limited, which in turn is a wholly owned subsidiary of Enterprise Properties Limited, a company owned by P Murphy and P Murphy Children's Trust. P Murphy is the settlor of P Murphy Children's Trust.

(iii) Plaintiff Limited is a wholly owned subsidiary of Enterprise Properties Limited.

(iv) Cavendish & Gloucester plc is wholly owned by P Murphy.

(v) MFC Estates plc is under the control of the director, P Murphy, by virtue of his beneficial interest in that company. MFC Estates plc owns 12.8% of the issue share capital of Cavendish & Gloucester Properties Limited.

(vi) Other operating income includes £50,000 (2017: £50,000) in respect of management fees charged to M 25 Group Limited.

(vii) Turnover includes management fees receivable of £14,562 (2017: £114,272) chargeable to Drivers & Norris Limited, a company under the control of P Murphy. Cost of sales include £12,562 (2017: £102,272) of consultancy fees rendered by third parties in respect of work done on behalf of Drivers & Norris Limited. Turnover also includes management fees receivable of £691,437 (2017: £595,001) chargeable to MFC Estates plc and its subsidiaries.

(viii) Delaway Limited is under the control of P Murphy and M Slane who each have a 50% interest in that company.

b) Administrative expenses includes rent of £270,000 (2017: £258,000) payable to P Murphy for the use of a property owned by him. Also included under administrative expenses is a sum of £21,996 (2017: £21,996) in respect of rents payable to Reedrent Limited, and £56,000 (2017: £56,000) in respect of rents payable to Finchley Developments C&G Limited. Both Finchley Developments C&G Limited and Reedrent Limited are wholly owned subsidiaries of MFC Estates plc

c) The directors' current account of £1,540,359 for both the company and the group for the previous year was owed entirely to P Murphy and was repaid to him in full during the year. No interest has been charged on this sum.

d) Included under other loans due within one year for both the company and the group is a sum of £2,115,000 (2017: £2,115,000 due after more than one year) borrowed from The KCG Pension Fund, a self administered pension scheme of which P Murphy is a trustee and member. Interest is charged at 2% above the bank base rate. The loans are secured on properties owned by MFC Estates plc group and the P Murphy Children's Trust. Interest payable for the year was £55,082 (2017: £48,460)

e) Interest payable for the year includes £62,494 (2017: £9,840) due on a bank loan provided to Pressmile Limited, a wholly owned subsidiary of MFC Estates plc. At the balance sheet date the amount outstanding on the loan was £1,643,495 (2017: £1,700,000).

23. ULTIMATE CONTROLLING PARTY

The group is under the control of the director, P Murphy, by virtue of his beneficial interest in the issued share capital of the parent company.