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REGISTERED NUMBER: 02582221 (England and Wales)

NEWLAND HOMES LIMITED

STRATEGIC REPORT,

REPORT OF THE DIRECTORS AND

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2017

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NEWLAND HOMES LIMITED (REGISTERED NUMBER: 02582221)

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FOR THE YEAR ENDED 31 DECEMBER 2017

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NEWLAND HOMES LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2017

DIRECTORS:	Mr D Foreman Mr J N McCreadie Mr J D Drew Mrs M B Foreman
SECRETARY:	Mr D Foreman
REGISTERED OFFICE:	Brighouse Court Barnett Way Barnwood GLOUCESTER Gloucestershire GL4 3RT
REGISTERED NUMBER:	02582221 (England and Wales)
AUDITORS:	Morris Owen Statutory Auditors 43-45 Devizes Road SWINDON Wiltshire SN1 4BG

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their strategic report for the year ended 31 December 2017.

REVIEW OF BUSINESS

Newland Homes Limited continues to operate as a residential developer in the speculative new-build market.

The key financial indicators during the year in comparison to 2016 were as follows:

	2017	2016	Change
	£,000	£,000	%
Turnover	60,926	50,038	22%
Gross profit	14,257	9,010	58%
Operating profit	12,024	7,073	70%
Profit before tax	11,519	6,523	77%
Shareholders' funds	34,265	27,466	25%

As a result of significant investment in Work in Progress in 2014 and 2015, the foundations for a step change in Turnover and Profit were laid.

Turnover was £18.2m for 2014, £19.6m for 2015, £50.0m for 2016 and now £60.9m for 2017.

Our Turnover has increased by 21.75% from £50,038,377 in 2016 to £60,929,038 in 2017.

Gross Profit in 2016 was £9,009,831 (18% of Turnover) and this increased in 2017 to £14,256,985, which is 23.4% of Turnover

In 2017 our Operating Profit Margin was 19.73% and our Profit Before Taxation was 18.91%.

For 2017 the increase in Turnover was driven by the increased number of sites we were selling from, and the higher proportion of open market units that were sold during the period.

In 2016 we sold a total of 186 units of which 76 were social (40%) with an average revenue of £249,023 per unit. Open market average £366,809.

In 2017 we sold a total of 191 units, of which only 23 were social (12%), with an average revenue of £318,985 per unit. Open market average £349,066.

The significant increase in Gross Profit margin from 18.0% in 2016 to 23.40% in 2017 was attributable in part to certain sites performing particularly well during the period, and the higher proportion of the open market units that were sold during the period. Moving forward, we do not anticipate being able to maintain a margin of 23.4% but would aim to achieve 20.0% or better.

The market throughout 2017 could have been described as slightly unpredictable, but we had unusually strong sales throughout the summer but a weak September followed by a good October and November. Overall we were pleased with our sales levels and ended the year with an acceptable level of stock properties to sell.

We have continued to develop and enhance our marketing and continue to generate good PR. Our product is generally seen as being more attractive, better laid out, of a higher basic specification than is available for the PLC housebuilders, and on smaller, more desirable developments.

During 2017 we saw employee number increase to 64 from 56 in 2016. We have an excellent rate of retention and in 2017 only 3 employees left us to join a competitor.

We continue to explore ways to continually motivate our employees and during 2017 introduced a life assurance scheme, and increased basic holiday allowances for all of our staff.

In August 2017 we were able to secure a 5 year lease of the entirety of our current office building when the 2nd floor became available. We now have an excellent modern office environment, with sufficient space for our foreseeable needs.

PRINCIPAL RISKS AND UNCERTAINTIES

Competitive risks

There is no doubt that the national planning system/process needs overhauling, together with the allocation of significant additional resources.
The problems, however, do not stop with the eventual granting of a Planning permission, because the discharge of often arbitrary and unnecessary Pre-Start conditions can take months to approve.
Once an often delayed permission is granted the various technical submissions for Roads and Sewers etc can then be submitted and more often than not the technical approvals and agreements needed will again be delayed due to lack of resourcing.
As this problem is not new we employ significant resources to ensure that delays and their impact are minimised.
Material supply issues continue to occur but these can usually be overcome with minimal delay by switching suppliers or using alternatives. The availability of sufficiently skilled and resourced Sub-contractors continues to be problematic but our core of good long-term Sub-contractors ensures we do not have an unmanageable problem. Being located in the South West, we believe we will be substantially unaffected by any loss of immigrant labour that may result from the Brexit process.
Our view is that we will continue to be governed by the performance of the planning system, where delay can still have a significant effect on our ability to start sites and generate sales. However, we now feel we are well placed to operate consistently with an Annual Turnover in excess of £50m.
Our current holding of excellent sites with planning permission, or in the process of obtaining planning permission, should allow us to have another solid year in 2018, with a further significant increase in Turnover in 2019 and 2020.

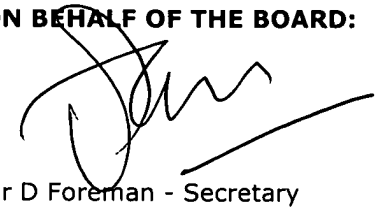
Legislative Risks

The Health and Safety of our employees in our head office but particularly on our sites together with the potential risks to the general public that occur as a result of our operations is of particular importance to us.
We demand a high level of awareness from all our employees, and employ the H & G Safety Group as our independent specialist advisors.
During 2017, numerically 38.54% of our sales utilised the Help to Buy Scheme, which has throughout the industry has been acknowledged to have significantly assisted the selling of new homes. We are encouraged that in November 2017 the Department for Communities and Local Government confirmed the scheme will continue to run until at least 2021. We are hopeful that new legislation will be passed in time to allow this scheme to continue in some form beyond 2021.

Financial Risks

We are in the process of putting in place a 4 year £25m RCF with our bankers RBS/NatWest. We believe that this facility, combined with our increasingly strong balance sheet, will allow us to continue to buy the good quality new sites we need and will allow us to cope with poorer market conditions, should they occur. Due to the new facility not being agreed as at the year end date and in accordance with FRS102, the year end liability is shown within creditors falling due within one year rather than creditors more than one year.
The RCF gives us flexibility to pursue and conclude attractive opportunities without being constrained by having to obtain bank approval for any individual purchase.

ON BEHALF OF THE BOARD:



Mr D Foreman - Secretary

17 May 2018

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report with the financial statements of the company for the year ended 31 December 2017.

DIVIDENDS
Interim dividends totalling £2,500 per share were paid during the year. The directors recommend that no final dividend is to be paid.

The total distribution of dividends for the year ended 31st December 2017 is £2,500,000.

DIRECTORS
The directors shown below have held office during the whole of the period from 1st January 2016 to the date of this report.

Mr D Foreman
Mr J N McCreadie (Non-Executive Director)
Mr J D Drew
Mrs M B Foreman (Non-Executive Director)

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Strategic Report, the Report of the Directors 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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 directors are 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 each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS
The auditors, Morris Owen, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

Mr D Foreman - Secretary

17 May 2018

Opinion
We have audited the financial statements of Newland Homes Limited (the 'company') for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Statement of Cash Flows, 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).

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.

In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with 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
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 company'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 Strategic Report and the Report of the Directors, 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 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, 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.

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

Responsibilities of directors
As explained more fully in the Statement of Directors' Responsibilities, 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 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 company or to cease operations, or have no realistic alternative but to do so.

Our 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.

Mr Alan John Barlow (Senior Statutory Auditor)
for and on behalf of Morris Owen
Statutory Auditors
43-45 Devizes Road
SWINDON
Wiltshire
SN1 4BG

Date: 13 MAY 2018

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 £
TURNOVER		**60,926,038**	50,038,377
Cost of sales		**46,669,053**	41,028,546
GROSS PROFIT		**14,256,985**	9,009,831
Administrative expenses		**2,233,156**	1,937,207
OPERATING PROFIT	5	**12,023,829**	7,072,624
Interest receivable and similar income		**3,472**	8,363
		12,027,301	7,080,987
Interest payable and similar expenses	6	**507,928**	558,118
PROFIT BEFORE TAXATION		**11,519,373**	6,522,869
Tax on profit	7	**2,210,023**	1,273,674
PROFIT FOR THE FINANCIAL YEAR		**9,309,350**	5,249,195
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**9,309,350**	5,249,195

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2017

	Notes	2017 £	2017 £	2016 £	2016 £
FIXED ASSETS					
Tangible assets	9		**754,635**		634,475
CURRENT ASSETS					
Stocks	10	**42,643,219**		37,638,403	
Debtors	11	**1,600,764**		982,929	
Cash at bank and in hand		**2,290,340**		10,184,056	
		46,534,323		48,805,388	
CREDITORS					
Amounts falling due within one year	12	**11,476,610**		5,378,978	
NET CURRENT ASSETS			**35,057,713**		43,426,410
TOTAL ASSETS LESS CURRENT LIABILITIES			**35,812,348**		44,060,885
CREDITORS					
Amounts falling due after more than one year	13		**(1,489,194)**		(16,561,007)
PROVISIONS FOR LIABILITIES	18		**(47,999)**		(34,073)
NET ASSETS			**34,275,155**		27,465,805
CAPITAL AND RESERVES					
Called up share capital	19		**1,000**		1,000
Retained earnings	20		**34,274,155**		27,464,805
SHAREHOLDERS' FUNDS			**34,275,155**		27,465,805

The financial statements were approved by the Board of Directors on 17 May 2018 and were signed on its behalf by:

Mr D Foreman - Director

Mr J D Drew - Director

The notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2016	1,000	24,215,610	24,216,610
Changes in equity			
Dividends	-	(2,000,000)	(2,000,000)
Total comprehensive income	-	5,249,195	5,249,195
Balance at 31 December 2016	1,000	27,464,805	27,465,805
Changes in equity			
Dividends	-	(2,500,000)	(2,500,000)
Total comprehensive income	-	9,309,350	9,309,350
Balance at 31 December 2017	1,000	34,274,155	34,275,155

The notes form part of these financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 £
Cash flows from operating activities			
Cash generated from operations	1	**6,737,611**	7,532,894
Interest paid		**(495,822)**	(575,016)
Interest element of hire purchase payments paid		**(12,106)**	(9,282)
Finance costs paid		**-**	26,180
Tax paid		**(1,829,770)**	(536,506)
Net cash from operating activities		**4,399,913**	6,438,270
Cash flows from investing activities			
Purchase of tangible fixed assets		**(159,318)**	(36,290)
Sale of tangible fixed assets		**52,025**	283,149
Interest received		**3,472**	8,363
Net cash from investing activities		**(103,821)**	255,222
Cash flows from financing activities			
New loans in year		**-**	3,500,000
Loan repayments in year		**(9,500,000)**	-
Capital repayments in year		**(189,808)**	(197,212)
Equity dividends paid		**(2,500,000)**	(2,000,000)
Net cash from financing activities		**(12,189,808)**	1,302,788
(Decrease)/increase in cash and cash equivalents		**(7,893,716)**	7,996,280
Cash and cash equivalents at beginning of year	2	**10,184,056**	2,187,776
Cash and cash equivalents at end of year	2	**2,290,340**	10,184,056

The notes form part of these financial statements

NOTES TO THE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

1. RECONCILIATION OF PROFIT FOR THE FINANCIAL YEAR TO CASH GENERATED FROM OPERATIONS

	2017	2016
	£	£
Profit for the financial year	**9,309,350**	5,249,195
Depreciation charges	**202,643**	201,253
Profit on disposal of fixed assets	**(12,830)**	(39,500)
Finance costs	**507,928**	558,118
Finance income	**(3,472)**	(8,363)
Taxation	**2,210,023**	1,273,674
	12,213,642	7,234,377
Increase in stocks	**(5,004,816)**	(936,825)
Increase in trade and other debtors	**(617,835)**	(150,280)
Increase in trade and other creditors	**146,620**	1,385,622
Cash generated from operations	**6,737,611**	7,532,894

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2017

	31.12.17	**1.1.17**
	£	**£**
Cash and cash equivalents	**2,290,340**	**10,184,056**

Year ended 31 December 2016

	31.12.16	1.1.16
	£	£
Cash and cash equivalents	10,184,056	2,187,776

The notes form part of these financial statements

1. GENERAL INFORMATION

The company is a private company limited by shares and incorporated in England and Wales.

The registered office address is Brighouse Court, Barnett Way, Barnwood, Gloucester, Gloucestershire, GL4 3RT.

These financial statements are presented in British Pounds (GBP) rounded to the nearest pound, which is the company's functional and presentational currency.

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.

Significant judgements and estimates
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following estimates have had the most significant effect on amounts recognised in the financial statements:

- Work in progress of £42,643,219

The significant judgements are in estimating the realisable value of a site, which is determined by expected sales prices and estimated costs to complete. The estimations for these are compared to original forecasts and analysed for any significant differences. If the market were to change beyond expectation in the future, adjustments to the work in progress may be required.

Turnover
Turnover is recognised at completion of the property in respect of of the total proceeds of the property net of value added tax.

Tangible fixed assets
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.

Plant and machinery	- 25% on reducing balance
Furniture and equipment	- 15% on reducing balance
Motor vehicles	- 33% on reducing balance

Work in progress
Work in progress in valued at the lower of cost and estimated selling price less costs to complete and sell which is equivalent to net realisable value. Costs are made up of direct materials, direct labour and attributable overheads based on a normal level of activity. Management assesses the cost held and where necessary will write down the work in progress to it's net realisable value.

Due to the scale of the company's developments, the company has to allocate development costs on a site by site basis between units built in the current year and in future years, as well as estimating costs to complete on these developments. In making these assessments there is a degree of uncertainty, however the company has internal controls to asses this on a continuing basis.

continued...

2. **ACCOUNTING POLICIES - continued**

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the 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 statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position 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.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Financial instruments

Financial instruments are classified by the directors as basic or advanced following the conditions in FRS 102 Section 11. Basic financial instruments are recognised at amortised cost using the effective interest method. The only advanced instruments recognised by the company are derivatives. Derivative financial instruments are initially recorded at cost and thereafter at fair value with changes recognised in arriving at profit before tax. Any derivative assets would be included in other debtors and derivative liabilities would be included included in other creditors.

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3. EMPLOYEES AND DIRECTORS

	2017	2016
	£	£
Wages and salaries	4,388,645	3,435,514
Social security costs	546,971	429,169
Pension costs	89,146	77,563
	5,024,762	3,942,246

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

	2017	2016
Admin staff	11	9
Direct staff	53	47
	64	56

4. DIRECTORS' EMOLUMENTS

Information regarding the highest paid director is as follows:

	2017	2016
	£	£
Emoluments	498,615	261,064

5. OPERATING PROFIT

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

	2017	2016
	£	£
Depreciation - owned assets	**62,216**	68,451
Depreciation - assets on hire purchase contracts	**140,427**	132,802
Profit on disposal of fixed assets	**(12,830)**	(39,500)
Auditors' remuneration	**22,065**	21,195
Non audit services - taxation	**1,125**	1,480
Non audit services - other	**17,662**	22,749

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017	2016
	£	£
Bank interest	**495,822**	575,016
Hire purchase	**12,106**	9,282
Discount provision	**-**	(26,180)
	507,928	558,118

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7. TAXATION

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

	2017	2016
	£	£
Current tax:		
UK corporation tax	**2,196,097**	1,279,770
Deferred tax	**13,926**	(6,096)
Tax on profit	**2,210,023**	1,273,674

Reconciliation of total tax charge included in profit and loss
The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2017	2016
	£	£
Profit before tax	**11,519,373**	6,522,869
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2016 - 20%)	**2,188,681**	1,304,574
Effects of:		
Expenses not deductible for tax purposes	**4,351**	2,381
Income not taxable for tax purposes	**(2,438)**	(4,989)
Depreciation in excess of capital allowances	**734**	-
Correction to 2015 deferred tax	**-**	1,676
Land remediation adjustment	**(9,439)**	(29,968)
Change in standard rate from 20 to 19 percent during the period	**28,134**	-
Total tax charge	**2,210,023**	1,273,674

8. DIVIDENDS

	2017	2016
	£	£
Interim	**2,500,000**	2,000,000

continued...

9. TANGIBLE FIXED ASSETS

	Plant and machinery £	Furniture and equipment £	Motor vehicles £	Totals £
COST				
At 1 January 2017	**269,023**	**504,441**	**653,387**	**1,426,851**
Additions	**-**	**159,318**	**202,680**	**361,998**
Disposals	**(220,570)**	**(12,639)**	**(144,108)**	**(377,317)**
At 31 December 2017	**48,453**	**651,120**	**711,959**	**1,411,532**
DEPRECIATION				
At 1 January 2017	**253,297**	**219,120**	**319,959**	**792,376**
Charge for year	**2,294**	**59,923**	**140,426**	**202,643**
Eliminated on disposal	**(212,380)**	**(8,573)**	**(117,169)**	**(338,122)**
At 31 December 2017	**43,211**	**270,470**	**343,216**	**656,897**
NET BOOK VALUE				
At 31 December 2017	**5,242**	**380,650**	**368,743**	**754,635**
At 31 December 2016	15,726	285,321	333,428	634,475

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
COST	
At 1 January 2017	**653,387**
Additions	**202,680**
Disposals	**(144,108)**
At 31 December 2017	**711,959**
DEPRECIATION	
At 1 January 2017	**319,959**
Charge for year	**140,427**
Eliminated on disposal	**(117,169)**
At 31 December 2017	**343,217**
NET BOOK VALUE	
At 31 December 2017	**368,742**
At 31 December 2016	333,428

10. STOCKS

	2017 £	2016 £
Work-in-progress	**42,643,219**	37,638,403

continued...

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Trade debtors	**221,799**	613,060
Amounts recoverable on contract	**28,965**	60,000
VAT	**1,223,334**	154,912
Prepayments and accrued income	**126,666**	154,957
	1,600,764	982,929

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Bank loans and overdrafts (see note 14)	**6,000,000**	-
Hire purchase contracts (see note 15)	**153,637**	142,552
Trade creditors	**2,690,490**	3,314,099
Corporation tax	**1,246,097**	879,770
Social security and other taxes	**528,077**	339,495
Other creditors	**38,566**	15,791
Accruals and deferred income	**819,743**	687,271
	11,476,610	5,378,978

The company utilises a Rolling Credit Facility with their bankers which normally operates on a three year cycle. The company is currently well advanced in negotiating a new four year facility which is anticipated to commence in 2018. Due to the new facility not being agreed as at the year end date and in accordance with FRS102, the year end liability of £6,000,000 is shown within creditors falling due within one year rather than creditors amounts falling due after more than one year.

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

	2017	2016
	£	£
Bank loans (see note 14)	**-**	15,500,000
Hire purchase contracts (see note 15)	**109,800**	108,013
Trade creditors	**1,379,394**	952,994
	1,489,194	16,561,007

14. LOANS

An analysis of the maturity of loans is given below:

	2017	2016
	£	£
Amounts falling due within one year or on demand:		
Bank loans	**6,000,000**	-
Amounts falling due between one and two years:		
Bank loans - 1-2 years	**-**	15,500,000

continued...

15. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2017	2016
	£	£
Net obligations repayable:		
Within one year	**153,637**	142,552
Between one and five years	**109,800**	108,013
	263,437	250,565

	Non-cancellable operating leases	
	2017	2016
	£	£
Within one year	**60,793**	65,076
Between one and five years	**871,940**	146,241
	932,733	211,317

16. SECURED DEBTS

The following secured debts are included within creditors:

	2017	2016
	£	£
Bank loans	**6,000,000**	15,500,000
Hire purchase contracts	**263,437**	250,565
	6,263,437	15,750,565

The bank holds the following assets as security:

Unscheduled mortgage debenture incorporating a fixed and floating charge over all the assets of the company.

Legal Mortgage over land at Ermin Street, Blunsdon
Legal Mortgage over land at Grenville College, Bideford
Legal Mortgage over land at Mickleton, Chipping Campden
Legal Mortgage over land at Broad Lane, Yate
Legal Mortgage over land known as land on the north side of Woolavington Road
Legal Mortgage over land at Swallowcroft, Eastington
Legal Mortgage over land at Midland Way, Thornbury
Legal Mortgage over land known as Frome Police Station, Frome
Legal Mortgage over land known as West side of Broadway Road, Toddington
Legal Mortgage over land at West of Hempsted Lane, Hempsted

Hire purchase agreements are secured on the assets concerned.

continued...

17. FINANCIAL INSTRUMENTS

The Company's financial instruments may be analysed as follows:

	2017 £	2016 £
Financial assets		
Financial assets measured at fair value through profit or loss	-	
Financial assets measured at amortised cost	1,474,098	827,972
	1,474,098	827,972

	2017 £	2016 £
Financial liabilities		
Financial liabilities measured at fair value through profit or loss	-	-
Financial liabilities measured at amortised cost	12,155,625	20,372,944
	12,155,625	20,372,944

Financial assets measured at fair value comprise of amounts recoverable on contract. The fair value has been calculated using a discount rate of 5% over the estimated recovery period of 10 years.

Financial assets measured at amortised cost comprise of trade debtors, amounts recoverable on contract and the VAT debtor.

Financial liabilities measured at amortised cost comprise of trade creditors, tax, social security and other taxes, other creditors, amounts owed to group undertakings, bank loans and hire purchase contracts.

18. PROVISIONS FOR LIABILITIES

	2017 £	2016 £
Deferred tax		
Accelerated capital allowances	**47,999**	34,073

	Deferred tax £
Balance at 1 January 2017	**34,073**
Provided during year	**13,926**
Balance at 31 December 2017	**47,999**

In addition to the deferred tax above there is also a capital loss carried forward of £45,103 (2016: £45,103)

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	**2017 £**	2016 £
1,000	Ordinary	£1	**1,000**	1,000

continued...

20. RESERVES

	Retained earnings £
At 1 January 2017	**27,464,805**
Profit for the year	**9,309,350**
Dividends	**(2,500,000)**
At 31 December 2017	**34,274,155**

21. 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 independently administered fund. The pension cost charge is partly represented by contributions paid by the company to the fund and amounted to £66,845 for the year (2016: £61,462).

The company also operates a statutory auto enrolment workplace pension scheme. The pension cost charge is partly represented by contributions paid by the company to this fund and amounted to £18,944 for the year (2016:£16,101).

At the year end, the amount outstanding and not yet paid over total £3,688 (2016: £4,884) and are shown in other creditors.

22. ULTIMATE CONTROLLING PARTY

The directors consider there to be no ultimate controlling party.