Registered number: 07092621

R2 DEVELOPMENTS LTD

UNAUDITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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R2 DEVELOPMENTS LTD

COMPANY INFORMATION

Directors	R W H Wilson R E C Wilson D W Wilson C V Mcleod (appointed 25 April 2017)
Company secretary	D E Norman
Registered number	07092621
Registered office	4-8 Kilwardby Street Ashby-de-la-Zouch Leicestershire LE65 2FU
Accountants	PKF Cooper Parry Group Limited Chartered Accountants Sky View Argosy Road East Midlands Airport Castle Donington Derby DE74 2SA

R2 DEVELOPMENTS LTD

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R2 DEVELOPMENTS LTD
REGISTERED NUMBER: 07092621

BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note		2017 £		As restated 2016 £
Fixed assets					
Investments	3		85		10
			85		10
Current assets					
Stocks	4	1,656,498		1,234,309	
Debtors: amounts falling due after more than one year	5	3,036,863		-	
Debtors: amounts falling due within one year	5	2,364,916		1,162,599	
Cash at bank and in hand		3,553,176		2,147,967	
		10,611,453		4,544,875	
Creditors: amounts falling due within one year	6	(2,181,758)		(1,200,753)	
Net current assets			8,429,695		3,344,122
Net assets			8,429,780		3,344,132
Capital and reserves					
Called up share capital	7		8,100,100		3,100,100
Profit and loss account			329,680		244,032
Shareholders' Funds			8,429,780		3,344,132

The directors consider that the company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company has opted not to file the profit and loss account in accordance with provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

D W Wilson
Director

Date: 3 July 2018

The notes on pages 2 to 7 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. Accounting policies

1.1 *Basis of preparation of financial statements*

R2 Developments Ltd (the 'company') is a limited liability company incorporated and domiciled in the United Kingdom. The address of its registered office is disclosed on the company information page.

The financial statements are prepared in Sterling (£), which is the functional currency of the company. The financial statements are for the year ended 31 December 2017 (2016: year ended 31 December 2016).

The financial statements have been prepared on going concern basis under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland, including section 1A of FRS 102 and the Companies Act 2006.

The following principal accounting policies have been applied:

1.2 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, Value Added Tax and other sales taxes.

Turnover and profit on sales of residential properties are included within the financial statements where legal completion has taken place by the end of the financial period.

Sales of part exchange properties are not included in turnover, and and profit or loss on sales is included within cost of sales.

Turnover and profit in relation to construction contracts are recognised where the profitable outcome of the contract can be assessed with reasonable certainty. The turnover and profit recognised reflects that part of the total turnover and profit currently estimated to arise over the duration of the contract that fairly represents the turnover and profit attributable to work performed at the accounting date. Full provision is made for losses on all contracts in the period in which they are first foreseen.

1.3 *Investments*

(i) Subsidiary undertakings
Investments in subsidiaries are initially valued at cost and reviewed annually for signs of impairment. If an impairment loss is identified, this is recognised immediately in the profit and loss account and the value of the investment is reduced accordingly.

(ii) Joint ventures
Investments in joint ventures are stated at cost less provision for impairment.

1. Accounting policies (continued)

1.4 Stocks

The cost of work in progress includes direct costs. Where necessary, provisions are made against work in progress to value it at the lower of cost and net realisable value. Net realisable value is based on normal selling prices less further costs expected to be incurred on completion and disposal.

Investments in sites where planning has not yet been granted are initially included at cost. Regular reviews for impairment are performed considering the existing use value of the site and the likelihood of obtaining planning permission. Provisions are made against cost where necessary.

Direct pre-development costs have been recognised as an asset in stocks and work in progress. Where it is probable that the site will be developed and provided that in accordance with FRS 102, such costs meet the definition of an asset. Such costs are reviewed regularly for evidence of impairment.

Options purchased in respect of land are capitalised initially at cost and included within work in progress. Regular reviews are carried out for impairment in the value of these options, and provisions made accordingly to reflect loss of value.

1.5 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans with related parties.

All financial assets and liabilities are initially measured at transaction price and subsequently at amortised cost.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

1.6 Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of past events, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking in to account the risks and uncertainties surrounding the obligation.

1. Accounting policies (continued)

1.7 Taxation

The tax charge comprises of current and deferred tax.

Current tax is recognised for the amount of corporation tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only 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.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

1.8 Prior period restatement

During the year, the directors have reviewed the treatment of certain loan balances and have changed the presentation to better reflect the nature of these items. Loan balances included within fixed asset investments have been reclassified to other debtors due within one year. These adjustments have no impact on the profit or net assets in the current or prior year.

2. Employees

There were no employees in the year, other than the directors.

3. Fixed asset investments

	Investments in subsidiary companies £	Investment in joint ventures £	Total £
Cost (as restated)			
At 1 January 2017	-	10	10
Additions	75	-	75
At 31 December 2017	75	10	85
Net book value			
At 31 December 2017	75	10	85
At 31 December 2016	-	10	10

3. Fixed asset investments (continued)

Subsidiary undertaking

The following is a subsidiary undertaking of the company:

Name	Class of shares	Holding	Principal activitiy
Winkfield Park Developments Limited	Ordinary	75%	Property developer

During the year, R2 Developments Ltd acquired 75% of the ordinary share capital in Winkfield Park Developments Limited for a consideration of £75. The company was incorporated on 5 October 2017 and its first set of statutory accounts are for the period to 31 October 2018.

The registered office of Winkfield Park Developments Limited is Estate Office Lowesby Hall, Lowesby, Leicester, LE7 9DD.

Joint ventures

The following is a joint venture of the company:

Name	Class of shares	Holding	Principal activitiy
Broadway Homes (Cambridge) Limited	Ordinary	50%	Property developer

The net liabilities of Broadway Homes (Cambridge) Limited at 31 December 2017 were £17,118 and it made a profit of £14,565 for the year then ended.

The registered office of Broadway Homes (Cambridge) Limited is Wilson House, Leicester Road, Ibstock, Leicestershire, LE67 6HP.

4. Stocks

	2017 £	2016 £
Work in progress	1,656,498	1,234,309

Stock recognised in cost of sales during the year as an expense was £1,333,000 (2016: £Nil).

An impairment loss of £Nil (2016: £169,794) was recognised in cost of sales against stock during the year.

5. Debtors

	2017 £	2016 £
Due after more than one year		
Other debtors	3,036,863	-

	2017 £	As restated 2016 £
Due within one year		
Trade debtors	-	17,161
Other debtors	2,364,684	1,145,438
Prepayments and accrued income	232	-
	2,364,916	1,162,599

6. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	10,682	31,504
Corporation tax	21,597	-
Other creditors	2,090,732	1,097,110
Accruals and deferred income	58,747	72,139
	2,181,758	1,200,753

Included in other creditors are directors loan accounts. Please see note 8 for further details.

7. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
50 Ordinary A shares of £1 each	50	50
3,100,050 Ordinary B shares of £1 each	3,100,050	3,100,050
4,000,000 Ordinary C shares of £1 each	4,000,000	-
1,000,000 Redeemable preference shares of £1 each	1,000,000	-
	8,100,100	3,100,100

7. Share capital (continued)

On 26 April 2017, 1,000,000 Redeemable Preference shares were issued by way of a rights issue over the Ordinary A shares on the basis of 20,000 Redeemable Preference shares for every 1 Ordinary A share held at its nominal value of £1.

On 29 November 2017, 4,000,000 Ordinary A shares were issued by way of a rights issue over the previous Ordinary A shares on the basis of 80,000 new Ordinary A shares for every 1 previous Ordinary A share held at its nominal value of £1. The rights issue shares were immediately re-designated as Ordinary C shares with a nominal value of £1.

Ordinary A, B and C shares are entitled to 1 vote, the right to receive dividends and the right to share any residue on a winding up. Redeemable preference shares are entitled to 1 vote, the right to receive dividends, the right to share any residue on a winding up and the right to be redeemed at the option of the company in preference to the other shareholders.

8. Related party transactions

During the year the company made purchases of £1,319,828 (2016: £Nil) from entities under common control. At the year end £4,658 (2016: £1,540) was owed by the company.

During the year the company made sales of £2,785,116 (2016: £Nil) to the directors of the company.

During the year the company loaned amounts to a subsidiary company of £4,296,977 (2016: £Nil). At the year end the subsidiary company owed the company £4,296,977 (2016: £Nil) which is included within other debtors. Interest has been charged of £36,863 (2016: £Nil). Interest is charged at a rate of 6.5% on £3,000,000 of the loan. This is due to be repaid on or before 23 October 2019. The remaining element of the loan is repayable on demand and does not attract any interest.

During the year the company received £27,286 (2016: £729) from joint ventures of the company and received recharges of £Nil (2016: £5,000). At the year end £1,056,238 (2016: £1,062,238) was outstanding and included in debtors.

During the year the directors loaned amounts to the company of £5,696,096 (2016: £1,000,000) and the company repaid £4,744,622 (2016: £Nil). At the year end the company owed the directors £2,048,524 (2016: £1,097,050) which is included within other creditors. No interest is charged on this balance.