

Company Registration No. SC058713 (Scotland)

BANCON GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

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BANCON GROUP LIMITED

COMPANY INFORMATION

Directors	J C A Burnett of Leys J C Irvine CA A J Clow ACMA
Company number	SC058713
Registered office	Burnett House Burn O'Bennie Road BANCHORY AB31 5ZU
Auditor	Johnston Carmichael LLP Bishop's Court 29 Albyn Place ABERDEEN AB10 1YL

BANCON GROUP LIMITED

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BANCON GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The directors present the strategic report and financial statements for the year ended 31 March 2017. The company is part of the Bancon Developments Holdings Limited group ("the group"). During the previous period the company extended its accounting financial year end from November to March, in order to align itself with the rest of that group. As such, the current financial year represents a 12 month period and the comparative, a 16 month period.

Review of the business

The principal activity of the company during the financial period was the promotion and management of long term land interests on behalf of the Bancon Group.

The results for the company show a loss on ordinary activities before taxation and exceptional costs of £200,710 (2016: profit £516,193) for the period. The previous period result included a £652,930 gain on the sale of the company's investment in the Tornadee Limited joint venture. The company's loss after tax for the financial period is £179,375 (2016: loss £584,197). The loss will be transferred to reserves.

On a like for like basis (excluding the prior period gain on sale of investment) there was a slight increase in losses which reflected the impairment of some longer term land interests which, based on the latest Local Development Plan, the directors viewed as unlikely to be developed.

The trading result overall was in line with the plan for the year which is pleasing given the market conditions that existed during the period.

The company stock value decreased in the year reflecting the transfer of several land assets to a subsidiary company for future development. This was offset by a corresponding increase in inter-company loans.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks.

Key business risks and uncertainties affecting the company are considered to relate to the planning process, housing market confidence and the availability of funds to house purchasers.

Delays in the planning process could impact on the timing of new developments with a subsequent impact on profits and cash-flows, to mitigate this risk we have our own in-house planning team with the requisite experience and skills to manage our planning requirements.

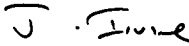
Housing market confidence could impact overall activity levels and profitability and the business constantly assesses the latest market and economic data to ensure our product and service offerings reflect the current market conditions and remain competitive in mitigation of this risk.

A lack of available funds for purchasers could affect sales rates which would impact profits and cash-flows. The company provides the support of independent financial advisers to help prospective house purchasers in mitigation of this risk.

Key performance indicators

The directors of Bancon Group Limited review detailed management reports on a monthly basis and consider the key performance indicator to be net margin which was discussed in the business review section above.

On behalf of the board


J C Irvine CA
Director
2010712017

BANCON GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The directors present their annual report and financial statements for the year ended 31 March 2017.

Directors

The following directors have held office since 1 April 2016 unless otherwise stated:

J C A Burnett of Leys

J C Irvine CA

A J Clow ACMA

P J Hogg

(Resigned 19 May 2016)

Results and dividends

The results for the year are set out on page 6. The directors do not recommend payment of a dividend (2016: nil).

Financial risk management

The company's activities expose it mainly to liquidity and credit risks.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future operations, the company has access to bank funding facilities which are agreed on a group wide basis. These debt facilities would typically be linked to the Base rate which will present no significant interest rate risk to the business.

Credit risk

The company operates procedures that ensure appropriate credit checks on potential customers are carried out before contracts are concluded. During the course of the projects, credit control procedures are in place to minimise any credit risk to the business.

Future developments

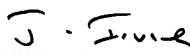
Throughout 2016 and 2017 the company has experienced challenging trading conditions as a result of the significant drop in oil price and its impact on the North East of Scotland economy. The directors do not anticipate any short term improvement in market conditions.

The company continues to invest in its land assets to ensure the group's growth aspirations can be realised in the short and medium term. Considerable progress has been made in the last 12 months and the directors are confident that with the benefit of a group wide banking facility it is well placed to maximise the value of its considerable land assets and deliver its growth aspirations.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



J C Irvine CA

Director

20/03/2017

BANCON GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

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 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 UK 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.

BANCON GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BANCON GROUP LIMITED

We have audited the financial statements of Bancon Group Limited for the year ended 31 March 2017 set out on pages 6 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 an auditor's report 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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

BANCON GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF BANCON GROUP LIMITED

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 and the Directors' Report.

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.



David Wilson (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP

20/07/2017

Chartered Accountants
Statutory Auditor

Bishop's Court
29 Albyn Place
ABERDEEN
AB10 1YL

BANCON GROUP LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 MARCH 2017

		Year ended 31 March 2017 £	16 month period ended 31 March 2016 £
	Notes		
Cost of sales		(102,967)	(12,512)
Administrative expenses		(97,767)	(128,201)
Operating loss before exceptional items	4	(200,734)	(140,713)
Profit on sale of tangible fixed assets		-	652,930
(Loss)/Profit before other exceptional items		(200,734)	512,217
Exceptional costs	5	(45,258)	(1,040,879)
Loss before interest		(245,992)	(528,662)
Interest receivable and similar income	7	24	8,272
Interest payable and similar expenses	8	-	(4,296)
Loss before taxation		(245,968)	(524,686)
Taxation	9	66,593	(59,511)
Loss for the financial year/period		(179,375)	(584,197)
Retained earnings at 1 April 2016		6,185,702	6,769,899
Retained earnings at 31 March 2017		6,006,327	6,185,702

The Statement of Income and Retained Earnings has been prepared on the basis that all operations are continuing.

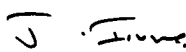
BANCON GROUP LIMITED

BALANCE SHEET

AS AT 31 MARCH 2017

	Notes	2017 £	2016 £
Fixed assets			
Tangible assets	10	132,287	151,731
Investments	11	1,437,562	1,437,562
		<u>1,569,849</u>	<u>1,589,293</u>
Current assets			
Stocks	13	5,315,128	8,397,786
Debtors	14	10,446,454	10,028,568
Cash at bank and in hand		-	969,731
		<u>15,761,582</u>	<u>19,396,085</u>
Creditors: amounts falling due within one year	15	<u>(11,174,439)</u>	<u>(14,574,011)</u>
Net current assets		<u>4,587,143</u>	<u>4,822,074</u>
Total assets less current liabilities		<u>6,156,992</u>	<u>6,411,367</u>
Creditors: amounts falling due after more than one year	16	(150,000)	(225,000)
Net assets		<u><u>6,006,992</u></u>	<u><u>6,186,367</u></u>
Capital and reserves			
Called up share capital	19	665	665
Profit and loss reserves		6,006,327	6,185,702
Total equity		<u><u>6,006,992</u></u>	<u><u>6,186,367</u></u>

The financial statements were approved by the board of directors and authorised for issue on 20/07/2017 and are signed on its behalf by:


J C Irvine CA

Director


A J Clow ACMA

Director

Company Registration No. SC058713

BANCON GROUP LIMITED

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

1 Accounting policies

Company information

Bancon Group Limited ("the company") is a private company limited by shares, incorporated and domiciled in Scotland. The company's registered office and trading address is Burnett House, Burn O' Bennie Road, Banchory, AB31 5ZU. The principal activities of the company and the nature of the operations are set out in the Strategic Report on page 1. The company's registered number is SC058713. During the previous period the company extended its accounting financial year end from November to March, in order to align itself with the rest of the group. As such the current financial year represents a 12 month period and the comparative was a 16 month period.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 March 2017 are the first financial statements of Bancon Group Limited prepared in accordance with FRS 102. The date of transition to FRS 102 was 1 December 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

FRS 102 reduced disclosure framework

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company's parent company is Bancon Development Holdings Limited and the company has taken advantage of the following disclosure exemptions under FRS102:

- The requirements of Section 7 *Statement of Cash Flows* and Section 3 *Financial Statement Presentation* paragraph 3.17 (d);
- The requirement of Section 11 *Basic Financial Instruments* paragraphs 11.41(b), 11.41(c), 11.41 (e), 11.41(f), 11.42, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c); and
- The requirement of Section 33 *Related Party Disclosures* paragraph 33.7.

Group accounts

The financial statements contain information about Bancon Group Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent company, Bancon Development Holdings Limited, a company registered in Scotland.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

BANCON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

1.3 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

Tenant's improvements	10 years
Plant and machinery	7 years
Fixtures, fittings & equipment	7 years

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

Expenditure incurred after the asset is put into use, such as repairs and maintenance costs, are expensed in the period incurred, while other expenses that are expected to generate future economic benefits are capitalised.

1.4 Fixed asset investments

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

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

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any) by comparing this to the asset's carrying value. The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of future cash flows before interest and tax, obtained as a result of the asset's continued use.

1.6 Land stock

Land is stated at the lower of cost and net realisable value. Cost comprises raw materials, consumables and direct labour plus attributable overheads based on a normal level of activity. Net realisable value is based on the estimated selling price less anticipated costs to completion and disposal.

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

1.7 Land options

Land options are included within work in progress at cost. If, or when, it becomes apparent that an option on land relating to a potential development site will not receive the necessary approvals, the option will be charged in full to profit and loss.

BANCON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

1.8 Cash and cash equivalents

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

1.9 Financial instruments

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

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include trade and other receivables, amounts due from group undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments through the expected life of the investment to the net carrying amount on initial recognition. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Basic financial liabilities

Basic financial liabilities, including trade and other payables and amounts due to group undertakings, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Basic financial liabilities are subsequently carried at amortised cost, using the effective interest rate method.

BANCON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

1.10 Taxation

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

Current tax

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

Deferred tax

Deferred tax is provided, using the full liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. The deferred tax position is calculated using the rates enacted or substantially enacted at the balance sheet date. Tax losses are surrendered or claimed in the form of group relief with consideration being received or paid accordingly. The group relief amount is recorded separately within the debtors and creditors amounts in the balance sheet, as applicable, and is calculated by applying the tax rate enacted or substantively enacted at the balance sheet date to the loss amount.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

1.11 Employee benefits

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

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

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

1.12 Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Differences between contractual contributions payable in the year and contributions actually paid are shown as either accruals or in prepayments in the balance sheet.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

BANCON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The following are considered to be either judgements that have had the most significant effect on amounts recognised in the financial statements, or estimates that are dependent upon the assumptions which could change in the next financial year and have a material effect on the carrying amounts of assets and liabilities recognised at the balance sheet date:

Land stock

Land stock is one of the largest assets on the balance sheet. In order to assess the appropriateness of carrying value, the directors and management are required to consider the potential for each site and land option in order to assess whether any impairments or reversals are required to ensure stock and work in progress is stated at the lower of cost and net realisable value.

During the year ended 31 March 2017, the directors and management concluded reviews of the net realisable value of its work in progress. This review did not result in any further impairments or reversals of previous impairments. The reviews were conducted across sites, using valuations that incorporated selling price and development cost movements, based on the directors' and management's assessment of market conditions existing at the balance sheet date. If there are significant movements in house prices or development costs beyond expectations then further impairments/reversals of previous impairments of stock and work in progress may be necessary.

The directors consider that there are no other judgements, estimates and underlying assumptions which have a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities.

3 Turnover

The directors believe that the company has one class of business, which is developing commercial and private residential property. Turnover consists of revenue originated and delivered in the United Kingdom.

4 Operating loss

	2017	2016
	£	£
Operating loss for the year/period is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	5,000	5,000
Non-audit fees	-	2,500
Depreciation of owned tangible fixed assets	19,444	16,406
Cost of stocks recognised as an expense	102,967	12,512
Operating lease charges	1,541	3,002
	<u> </u>	<u> </u>

BANCON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

5 Exceptional costs

Exceptional costs in the current year relate to restructuring costs whilst the prior period primarily relates to costs relating to land options and fees for potential developments which had not received the necessary planning approvals. In addition, the prior year also included the impairment of an investment.

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017 Number	2016 Number
Directors and Management	3	4

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	24,527	19,480
Social security costs	3,255	2,532
Pension costs	433	538
	<u>28,215</u>	<u>22,550</u>

The directors are remunerated for their services through other group companies.

7 Interest receivable and similar income

	2017 £	2016 £
Interest on bank deposits	24	8,272

8 Interest payable and similar expenses

	2017 £	2016 £
Interest on bank overdrafts and loans	-	4,296

9 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	(63,295)	-
Adjustments in respect of prior periods	(3,298)	-
Total current tax	<u>(66,593)</u>	<u>-</u>

BANCON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

9 Taxation

(Continued)

Deferred tax

Origination and reversal of timing differences	-	54,845
Changes in tax rates	-	6,094
Adjustment in respect of prior periods	-	(1,428)

Total deferred tax	-	59,511
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Total tax (credit)/charge	(66,593)	59,511
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The actual (credit)/charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2017 £	2016 £
Loss before taxation	(245,968)	(524,686)
Expected tax credit based on the standard rate of corporation tax in the UK of 20.00% (2016: 20.25%)	(49,194)	(106,249)
Tax effect of expenses that are not deductible in determining taxable profit	-	69,489
Tax effect of income not taxable in determining taxable profit	(1,050)	(130,407)
Tax effect of utilisation of tax losses not previously recognised	-	3,339
Adjustments in respect of prior years	(3,298)	-
Group relief	63,295	-
Deferred tax adjustments in respect of prior years	-	(1,428)
Deferred tax assets not recognised	(24,350)	199,171
Effects of changes in tax rates and laws	8,825	24,122
Other differences	2,474	1,474
Group relief surrendered	(63,295)	-
Taxation for the year	(66,593)	59,511

Reductions in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013 and further reduction to 19% (effective from 1 April 2017) and 18% (effective 1 April 2020) were substantively enacted on 16 November 2015. Accordingly, the 18% rate has been applied in the measurement of the deferred tax assets and liabilities at 31 March 2017.

BANCON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

10 Tangible fixed assets

	Tenant's improvements	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 April 2016 and 31 March 2017	145,088	144,681	42,193	331,962
Depreciation and impairment				
At 1 April 2016	8,504	129,621	42,106	180,231
Depreciation charged in the year	14,509	4,870	65	19,444
At 31 March 2017	23,013	134,491	42,171	199,675
Carrying amount				
At 31 March 2017	122,075	10,190	22	132,287
At 31 March 2016	136,584	15,060	87	151,731

11 Fixed asset investments

	Shares in subsidiary undertakings £
Cost or valuation	
At 1 April 2016 & 31 March 2017	1,772,563
Impairment	(335,001)
Carrying amount	
At 31 March 2017	1,437,562
At 31 March 2016	1,437,562

BANCON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

12 Subsidiaries

Details of the company's subsidiaries at 31 March 2017 are as follows:

Name of undertaking and country of incorporation or residency		Nature of business	Class of shareholding	% Held Direct
Bancon Construction Limited	Scotland	Construction	200 ordinary 50p shares	100.00
Bancon Homes Limited	Scotland	House builders	100 ordinary £1 shares	100.00
Bancon Homes (Deeside) Limited	Scotland	House builders	100 ordinary £1 shares	100.00
Bancon Homes (Donside) Limited	Scotland	House builders	100 ordinary £1 shares	100.00
Screedflo (Aberdeen) Limited	Scotland	Installers of concrete screed floorings	1 ordinary £1 share	100.00
Deeside Timberframe Limited	Scotland	Manufacture and supply of timberframe structures	1 ordinary £1 share	100.00

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss) £	Capital and Reserves £
Bancon Construction Limited	(1,065,279)	1,077,725
Bancon Homes Limited	(251,754)	2,955,684
Bancon Homes (Deeside) Limited	248,638	2,336,141
Bancon Homes (Donside) Limited	11,082	1,897,188
Deeside Timberframe Limited	616,717	2,034,592

13 Stock and work in progress

	2017 £	2016 £
Work in progress	5,315,128	8,397,786

During the year the company transferred land costs to another group company.

BANCON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

14 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	-	53,794
Amount due from parent	1,487,277	1,237,865
Amounts owed by subsidiary undertakings	8,888,788	8,406,654
Amounts owed by participating interests	57,000	57,000
Other debtors	13,389	273,255
	<u>10,446,454</u>	<u>10,028,568</u>
Amounts falling due after one year:		
Amounts owed by participating interests	<u>57,000</u>	<u>57,000</u>

Amounts owed by parent and subsidiary undertakings have no fixed repayment terms and do not bear interest.

15 Creditors: amounts falling due within one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	17	49,317	-
Trade creditors		2,972	89,004
Amounts owed to group undertakings		10,449,923	12,666,422
Other taxation and social security		572,295	56,483
Other creditors		91,880	90,181
Accruals and deferred income		8,052	1,671,921
		<u>11,174,439</u>	<u>14,574,011</u>

Amounts owed to group undertakings have no fixed repayment terms and do not bear interest.

The overdraft was secured by floating charges over the assets of the company.

16 Creditors: amounts falling due after more than one year

	2017 £	2016 £
Other provisions	<u>150,000</u>	<u>225,000</u>

BANCON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

17 Loans and overdrafts

	2017 £	2016 £
Bank overdrafts	49,317	-
Payable within one year	49,317	-

18 Retirement benefit schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund. At the balance sheet date there £15,093 (2016: £27,503) was payable to the fund and included within creditors.

19 Share capital

	2017 £	2016 £
Ordinary share capital Issued and fully paid 665 ordinary shares of £1 each	665	665

20 Reserves

The company's profit and loss reserve represents the cumulative historic profits and losses, net of dividends and other adjustments.

21 Financial commitments, guarantees and contingent liabilities

All group companies are party to a cross-company guarantee in respect of bank facilities offered to Bancon Development Holdings Limited group.

22 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017 £	2016 £
Within one year	4,042	13,496
Between two and five years	2,146	17,319
	6,188	30,815

BANCON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2017**

23 Related party transactions

The company has taken advantage of the exemption available in accordance with Section 33 of FRS 102 "Related Party Disclosures" not to disclose transactions entered into between two or more wholly owned members of a group.

24 Controlling party

The immediate and ultimate parent undertaking and controlling party is Bancon Developments Holdings Limited, a company registered in Scotland.

Bancon Development Holdings Limited is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 31 March 2017. The consolidated financial statements of Bancon Development Holdings Limited are available from UK Companies House.