

Company Registration No. 00516739 (England and Wales)

PEVERIL SECURITIES LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 AUGUST 2021



PEVERIL SECURITIES LIMITED

COMPANY INFORMATION

Directors	R C Jones J A C Kirkland C R Kirkland M A Muckleston
Secretary	M A Muckleston
Company number	00516739
Registered office	High Edge Court Church Street Heage Belper Derbyshire DE56 2BW
Auditor	RSM UK Audit LLP Chartered Accountants Suite A 7th Floor, East West Building 2 Tollhouse Hill Nottingham NG1 5FS

PEVERIL SECURITIES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

The directors present the strategic report for the year ended 31 August 2021.

Fair review of the business and future developments

The Directors are pleased to report that 2021 has been another successful year for the company. Turnover recorded in the year was £163.8m (2020: £221.6m), which generated a profit before tax of £10.7m (2020: £19.8m).

The statement of financial position further strengthened in the year with net assets of £67.2m at 31st August 2021 (2020: £62.4m), a 7.7% increase on the previous year.

The impact of Covid-19 pandemic has been managed well to minimise the delay and disruption to our developments, and the company has had a good start to the new financial year and so the Directors are confident that the business is well placed to achieve its forecast for 2022.

Looking ahead, the Directors believe that the combination of a knowledgeable and experienced management team coupled with an ability to finance developments puts it in a strong position to take advantage of any opportunities that may be presented.

Principal risks and uncertainties

Financial

The company's principal financial instruments comprise the operational bank accounts and bank overdrafts. The main purpose of these financial instruments is to manage the company's funding and liquidity requirements. The company has other financial assets and liabilities such as trade debtors and trade creditors, which arise directly from its operations. The Directors consider that the company's exposure to credit risk, liquidity risk and cash-flow risk is not material for the assessment of the assets, liabilities, financial position and the profit or loss of the company.

Human Resource

The company recognises that a key component to its success and to enable it to meet the challenges that it faces is the ability to attract, retain and develop the best people it can. The company has an excellent history in retaining its employees and will strive to continue to do this by ensuring staff development and training is encouraged at all levels by creating a work culture and environment that enables this to flourish.

Supply Chain

The company has long standing and synergistic relationships with its key consultants. We will continue to work closely with all consultants, promoting closer working partnerships wherever possible.

Health & Safety

The health and safety of all employees, customers and contractors is of vital importance to the company. The company has in place processes and procedures that it believes will mitigate health and safety risks. These policies and procedures are regularly reviewed to ensure all are up to date and meet the needs of all concerned.

Economy

The market is sensitive to changes in the economy which can impact upon the profitability of the business. The company will endeavour to mitigate any impact adverse changes in the economy by continuing to undertake appropriate due diligence when making investment decisions.

Principal risks and uncertainties (continued)

Covid-19

Throughout the pandemic, the company has continued to constantly adapt to ensure the delivery of its services, and has implemented plans aimed at protecting the interests of the company, our customers and wider stakeholders whilst prioritising the need to keep our workplaces as safe as possible for our people, supply chain partners and clients. The Directors believe that they have been successful in adapting to the challenges faced during the pandemic and the actions taken means that they are confident that the company has sufficient working capital to maintain operations.

PEVERIL SECURITIES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

Section 172 statement

The directors consider, both individually and collectively, that in the decisions taken during the financial year they have satisfied the requirements of section 172 of the Companies Act 2006 ("s172") in performing their duties, to promote the success of the group and company for the benefit of its members, as a whole, and in doing so having regard to the stakeholders and matters outlined in that section which will have an impact on the long-term success of the group.

The directors recognise that they have an important role in assessing and monitoring that the desired culture is embedded in the values, attitudes and behaviours that the group demonstrates, including our activities and stakeholder relationships.

When making decisions, each director ensures that they consider, in good faith, what would most likely promote the group's success for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- *the likely consequences of any decision in the long term*, by setting the regular process of budgeting and forecasting over the short term in the context of the longer-term strategic plan.
- *the interests of the group's employees*, as the directors recognise that employees are fundamental and core to our business and the delivery of our strategic ambitions. The success of our business is dependent upon attracting, retaining and motivating employees and ensuring that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment. The directors factor the implications of decisions on employees and the wider workforce, where relevant and feasible.
- *the need to foster the group's business relationships with suppliers, customers and others*, to develop strong, mutually beneficial relationships to deliver our strategy.
- *the impacts of the group's operations on the community and the environment*, the directors seek to recognise the effects of their long-term decisions, and the ongoing operational activities in the context of the communities in which it operates, as well as the environment in general.
- *the desirability of the group maintaining a reputation for high standards of business conduct*, and in recognising that the group needs to provide its solutions and services in ways which are economically, environmentally and socially responsible and seeks to make its long-term decisions and undertake its daily operations in that context.
- *the need to act fairly between members of the group*, and after consideration of all the relevant factors as outlined above, the directors consider which course of action best enables the delivery of their strategy through the long-term, taking into consideration the impact on stakeholders.

Streamlined Energy and Carbon Report

The company is a wholly owned subsidiary of Bowmer and Kirkland Limited which includes all relevant carbon reporting disclosures in the consolidated financial statements, which includes the reporting relevant for the company, and as such the company has applied the exemption given in Companies Act 2006 not to present the disclosure in its individual financial statements.

On behalf of the board



M A Muckleston
Director

Date: 17/8/22

PEVERIL SECURITIES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

The directors present their annual report and financial statements for the year ended 31 August 2021.

Principal activities

The principal activity of the company is unchanged and is principally that of property development and investment.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

R C Jones
J A C Kirkland
C R Kirkland
M A Mucklestone

Results and dividends

The results for the year are set out on page 8.

Ordinary interim dividends were paid amounting to £3,450,127 (2020: £7,656,293). The directors do not recommend payment of a final dividend.

Auditor

A resolution to reappoint RSM UK Audit LLP as auditor for the ensuing year will be proposed at the forthcoming annual general meeting.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors 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.

Strategic report

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's Strategic Report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. It has done so in respect of a review of its principal risks, financial risk management, future developments and a review of its business.

Streamlined Energy and Carbon Report

The company is a wholly owned subsidiary of Bowmer and Kirkland Limited which includes all relevant carbon reporting disclosures in the consolidated financial statements, which includes the reporting relevant for the company, and as such the company has applied the exemption given in Companies Act 2006 not to present the disclosure in its individual financial statements.

On behalf of the board



M A Mucklestone

Director

Date: 17/5/22

PEVERIL SECURITIES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 AUGUST 2021

The directors are responsible for preparing the Strategic Report and the Directors' 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; and
- 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEVERIL SECURITIES LIMITED

Opinion

We have audited the financial statements of Peveril Securities Limited (the 'company') for the year ended 31 August 2021 which comprise the statement of income and retained earnings, the statement of financial position and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 company's affairs as at 31 August 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 Auditor's 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEVERIL SECURITIES LIMITED (CONTINUED)

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 directors' report.

We have nothing to report in respect of the following matters in relation to which 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 directors' responsibilities statement set out on page 4, 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 is 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.

Auditor's 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 an auditor's report 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEVERIL SECURITIES LIMITED (CONTINUED)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from internal/external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety. We performed audit procedures to inquire of management whether the company is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls and cut off of construction contacts as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates applied in the recognition of profits as well as in relation to the stage of completion for each contract.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

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 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.

RSM UK Audit LLP

Daniel Varley (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Suite A
7th Floor, East West Building
2 Tollhouse Hill
Nottingham
NG1 5FS
27 May 2022

PEVERIL SECURITIES LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 £	2020 £
Turnover	3	163,785,073	221,599,090
Cost of sales		(149,293,311)	(196,998,736)
Gross profit		14,491,762	24,600,354
Administrative expenses		(3,156,134)	(1,992,047)
Operating profit	5	11,335,628	22,608,307
Income from shares in group undertakings	7	36,108	3,041,943
Income from participating interests	7	-	1,926,102
Interest receivable from group undertakings	7	21,580	23,189
Other interest receivable and similar income	7	220,500	220,526
Interest payable and similar expenses	8	(1,601,677)	(2,233,824)
Other gains and losses	9	679,310	(5,826,340)
Profit before taxation		10,691,449	19,759,903
Tax on profit	10	(2,399,287)	(4,440,638)
Profit for the financial year		8,292,162	15,319,265
Retained earnings brought forward		62,433,922	54,770,950
Dividends	11	(3,450,127)	(7,656,293)
Retained earnings carried forward		67,275,957	62,433,922

PEVERIL SECURITIES LIMITED**STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2021**

	Notes	2021		2020	
		£	£	£	£
Fixed assets					
Investment properties	12	29,450,000		28,650,000	
Investments	13	29,280		29,280	
		29,479,280		28,679,280	
Current assets					
Stocks	16	126,368,892		77,961,353	
Debtors falling due after more than one year	17	3,207,587		3,187,587	
Debtors falling due within one year	17	51,425,505		53,593,099	
		181,001,984		134,742,039	
Creditors: amounts falling due within one year	18	(143,205,207)		(100,987,297)	
Net current assets		37,796,777		33,754,742	
Total assets less current liabilities		67,276,057		62,434,022	
Capital and reserves					
Called up share capital	21	100		100	
Profit and loss reserves	22	67,275,957		62,433,922	
Total equity		67,276,057		62,434,022	

The financial statements were approved by the board of directors and authorised for issue on 17/5/22 and are signed on its behalf by:



R C Jones
Director

PEVERIL SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

Company information

Peveril Securities Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is High Edge Court, Church Street, Heage, Belper, Derbyshire, DE56 2BW. The principal place of business is Beech Lawn, Green Lane, Belper, Derbyshire, DE56 1BY.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

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", including the adoption of the amendments issued in December 2017, ("FRS 102") and the requirements of the Companies Act 2006, and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

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 £.

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

Reduced disclosures

In accordance with FRS 102, the company has taken advantage of the exemptions from the following disclosure requirements;

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income; and
- Section 33 'Related Party Disclosures' - Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Bowmer and Kirkland Limited. The consolidated financial statements of Bowmer and Kirkland Limited are available from the registered office, High Edge Court, Church Street, Heage, Belper, Derbyshire, DE56 2BW.

Group accounts

The company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the United Kingdom and in accordance with Section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts.

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. The directors have prepared forecasts, and are confident that with its access to the group's pooled facility with its bankers the company has sufficient working capital to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements. Therefore, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

PEVERIL SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies (Continued)

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for sale of goods and services to external customers in the ordinary nature of the business. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. Turnover is shown net of Value Added Tax.

Turnover is recognised in relation to separately identifiable components of a single transaction when necessary to reflect the substance of the arrangement and in relation to two or more linked transactions when necessary to understand the commercial effect.

Turnover from the sale of development properties is recognised when the significant risks and rewards of ownership of the properties have passed to the buyer, being on exchange of contracts, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rental income included in turnover is earned from investment properties and is recognised on an accruals basis.

The recognition of turnover from construction contracts is set out in the accounting policy below.

Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured using the fair value model and stated at its fair value as at the reporting end date. The surplus or deficit on revaluation is recognised in the income statement.

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.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

Stocks

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

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.

PEVERIL SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies (Continued)

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

Where the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as expenses in the period in which they are incurred and contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable.

The "percentage of completion method" is used to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. These costs are presented as stocks, prepayments or other assets depending on their nature, and provided it is probable they will be recovered.

Cash and cash equivalents

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

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 when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include trade and other debtors, gross amounts owed by contract customers and amounts owed by group undertakings and participating interests, 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets 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.

PEVERIL SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies (Continued)

Impairment of financial assets (continued)

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.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, gross amounts owed to contract customers, bank overdrafts 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.

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

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

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

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

PEVERIL SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies (Continued)

Taxation (continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

For investment properties measured at fair value, deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

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.

Lease incentives

The cost of all lease incentives in respect of properties are spread evenly over the life of the lease. The balance of this cost is included in debtors as accrued rent receivable.

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.

Critical judgements

The directors believe there are no critical judgements (apart from those involving estimates) that will have a significant effect on amounts recognised in the financial statements.

PEVERIL SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

2 Judgements and key sources of estimation uncertainty (Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Construction contracts

In determining the revenue and costs to be recognised each year for work done on construction contracts, estimates are made in relation to the final out-turn on each contract. On major construction contracts, it is assessed, based on past experience, that their outcome cannot be estimated reliably during the early stages of the contract, but that costs incurred will be recoverable. Once the outcome can be estimated reliably, estimates of the final out-turn on each contract may include cost contingencies to take account of the specific risks within each contract that have been identified during the early stages of the contract.

The cost contingencies are reviewed on a regular basis throughout the contract life and are adjusted where appropriate. However, the nature of the risks on contracts are such that they often cannot be resolved until the end of the project and therefore may not reverse until the end of the project. Management continually reviews the estimated final out-turn on contracts and make adjustments where necessary. At the year end, the gross amounts owed by contract customers was £11,370,216 (2020: £14,079,573) and the gross amounts owed to contract customers was £876,254 (2020: £418,822).

Stocks

Land categorised as stock is recognised when the legal title passes and where costs are deferred these are included at the directors' best estimate of future payments.

In order to assess the appropriateness of the carrying value of stock, the company is required to make estimations of sales prices, costs and margins expected on sites in order to determine whether any write-downs or reversals are required to ensure stock is stated at the lower of cost and net realisable value.

The company has undertaken a detailed review on a site-by-site basis of the net realisable value of its land and work in progress. The net realisable value exercise is highly sensitive to the assumptions used and the directors therefore also consider when the stock is likely to be realised, whether or not there has been a sustained change in market conditions that previously caused the stock to be written down and the wider economic environment existing at the balance sheet date.

The carrying value of stocks at the year end was £126,368,892 (2020: £77,961,353), see note 16 for further details.

Investment properties

Investment properties are stated at their fair value. In order to determine the fair value of the investment properties the directors have a valuation performed at each year end by a relevantly qualified firm of Chartered Surveyors, who are not connected with the company, who utilise various assumptions based on historical experience and current trends. The valuation are made on an open market value basis by reference to market evidence of transaction prices for similar properties, further details of which can be found in note 12. At the year end the carrying value of investment properties was £29,450,000 (2020: £28,650,000).

Impairment of trade debtors

Trade debtors are stated at recoverable amounts, after appropriate provision for bad and doubtful debts. Calculation of the bad debt provision requires judgement from the management team, based on the creditworthiness of the debtor, the aged profile of the debtor, and historical experience. The carrying amount of trade debtors at the year end was £5,735,428 (2020: £11,350,527).

PEVERIL SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

3 Turnover

An analysis of the company's turnover is as follows:

	2021 £	2020 £
Turnover analysed by class of business		
Property development	8,677,806	36,981,426
Construction contracts	149,961,671	179,966,726
Rent receivable as turnover income	5,145,596	4,650,938
	<u>163,785,073</u>	<u>221,599,090</u>
	2021 £	2020 £
Turnover analysed by geographical market		
United Kingdom	<u>163,785,073</u>	<u>221,599,090</u>

4 Employees

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

	2021 Number	2020 Number
Management and administration	<u>4</u>	<u>4</u>

No wages or salaries have been paid to employees, including directors, during the year.

5 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging:		
Impairment of stocks recognised or reversed	<u>1,448,784</u>	<u>505,761</u>

6 Auditor's remuneration

	2021 £	2020 £
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the company	<u>8,774</u>	<u>7,311</u>

Fees payable to the company's auditor for other services, including non-audit services, are incurred by, and disclosed in the accounts of Bowmer and Kirkland Limited, the parent company.

PEVERIL SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

7 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest receivable from group companies - including joint ventures	21,580	23,189
Other interest income	220,500	220,526
Total interest revenue	242,080	243,715
Income from fixed asset investments		
Income from shares in group undertakings	36,108	3,041,943
Income from participating interests - associates	-	226,102
Income from participating interests - joint ventures	-	1,700,000
Total income	278,188	5,211,760

8 Interest payable and similar expenses

	2021 £	2020 £
Interest on bank overdrafts and loans	1,566,677	2,198,824
Other interest	35,000	35,000
	1,601,677	2,233,824

9 Other gains and losses

	2021 £	2020 £
Changes in the fair value of investment properties	679,310	(5,826,340)

10 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	2,342,188	3,953,172
Adjustments in respect of prior periods	57,126	487,443
Total current tax	2,399,314	4,440,615
Deferred tax		
Origination and reversal of timing differences	95	71
Changes in tax rates	(122)	(48)
Total deferred tax	(27)	23
Total tax charge	2,399,287	4,440,638

PEVERIL SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

10 Taxation (Continued)

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2021 £	2020 £
Profit before taxation	10,691,449	19,759,903
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	2,031,375	3,754,382
Tax effect of expenses that are not deductible in determining taxable profit	446,799	1,142,790
Gains not taxable	(6,861)	(943,929)
Adjustments in respect of prior years	57,126	487,443
Remeasurement of deferred tax for changes in tax rates	(104)	(48)
Effect of change in deferred tax not recognised	(129,048)	-
Taxation charge for the year	2,399,287	4,440,638

Factors that may affect future tax charge

Following the March 2021 budget, legislation had been substantively enacted before the year end date for the main rate of corporation tax to increase from 19% to 25% from 1 April 2023. The deferred tax balances within these financial statements have therefore been recalculated to reflect the rate increasing to 25%.

11 Dividends

	2021 £	2020 £
Interim paid	3,450,127	7,656,293

12 Investment property

	2021 £
Fair value	
At 1 September 2020	28,650,000
Additions - property improvements in year	120,690
Net gains or losses through fair value adjustments	679,310
At 31 August 2021	29,450,000

Investment properties are held for use in operating leases. The fair value of the investment property has been arrived at on the basis of a valuation carried out at 31 August 2021 by Knight Frank LLP Chartered Surveyors, who are not connected with the company. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

The historical cost of freehold investment property at 31 August 2021 was £36,025,081 (2020: £35,904,391).

PEVERIL SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

13 Fixed asset investments

	Notes	2021 £	2020 £
Investments in subsidiaries	14	29,154	29,154
Investments in associates	14	24	24
Investments in joint ventures	15	102	102
		<u>29,280</u>	<u>29,280</u>

Movements in fixed asset investments

	Shares in group undertakings and participating interests £
Cost or valuation	
At 1 September 2020 & 31 August 2021	<u>29,280</u>
Carrying amount	
At 31 August 2021	<u>29,280</u>
At 31 August 2020	<u>29,280</u>

PEVERIL SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

14 Subsidiaries

Details of the company's subsidiaries at 31 August 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Bo'ness Retail Developments Limited	High Edge Court, Church Street, Heage, Belper, DE56 2BW	Property development	Ordinary	100	-
Golden Gate Mangement Company Limited	As above	Management company	Ordinary	80	-
Heaton Park Developments Limited	As above	Dormant company	Ordinary	100	-
Peveril Securities (Dalton Park Retail) Limited	As above	Property development	Ordinary	100	-
ING Red UK (Chippenham) Limited	Beech Lawn, Green Lane, Belper, Derbyshire, DE56 1BY	Dormant company	Ordinary	100	-
Leyton Projects Limited	As above	Dormant company	Ordinary	80	-
Peveril Securities Croydon Limited	As above	Dormant company	Ordinary	100	-
Peveril Securities Yeovil Limited	As above	Non-trading	Ordinary	100	-
Rokeby (Swadlincote) Limited	As above	Dormant company	Ordinary	100	-

PEVERIL SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

15 Joint ventures

Details of the company's joint ventures at 31 August 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Cobalt Estates (Kenilworth) Limited	10-11 St James Court, Friar Gate, Derby, DE1 1BT	Property development	Ordinary	50.00	
Cobalt Estates Residential Limited	As above	Property development	Ordinary		50.00
Broadlands Wolverhampton Limited	102 Tettenhall Road, Wolverhampton, WV6 0BW	Property development	Ordinary	50.00	
Cedar House (Infinity Park) Limited	High Edge Court, Heage, Belper, Derbyshire, DE56 2BW	Property development	Ordinary	50.00	
Peveril Securities Long Lane Limited	As above	Property development	Ordinary	50.00	
Urbo (West Bar) Limited	As above	Property development	Ordinary	49.00	

Through the company's shareholding in Cedar House (Infinity Park) Limited the company has a 25% interest in Infinity Park LLP, incorporated in England and Wales.

16 Stocks

	2021 £	2020 £
Work in progress	126,368,892	77,961,353

During the year impairment losses totalling £1,626,535 (2020: £792,333) were recognised, and impairment losses of £177,751 (2020: £286,572) were reversed in respect of work in progress within cost of sales.

PEVERIL SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

17 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	5,735,428	11,350,527
Gross amounts owed by contract customers	11,370,216	14,079,573
Amounts owed by group undertakings	12,137,283	7,618,932
Amounts owed by undertakings in which the company has a participating interest	12,285,431	10,585,015
Other debtors	414,574	3,852,176
Prepayments and accrued income	9,482,159	6,106,489
	<u>51,425,091</u>	<u>53,592,712</u>
Deferred tax asset (note 20)	414	387
	<u>51,425,505</u>	<u>53,593,099</u>
	2021 £	2020 £
Amounts falling due after more than one year:		
Other debtors	3,207,587	3,187,587
	<u>3,207,587</u>	<u>3,187,587</u>
Total debtors	<u>54,633,092</u>	<u>56,780,686</u>

18 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Bank overdrafts	19	100,666,865	60,510,511
Gross amounts owed to contract customers		876,254	418,822
Trade creditors		1,015,879	533,469
Amounts owed to group undertakings		25,406,055	23,339,362
Corporation tax		2,689,654	4,279,801
Other taxation and social security		1,236,218	28,998
Other creditors		2,217,658	1,095,493
Accruals and deferred income		9,096,624	10,780,841
		<u>143,205,207</u>	<u>100,987,297</u>

PEVERIL SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

19 Borrowings

	2021 £	2020 £
Bank overdrafts	100,666,865	60,510,511
Payable within one year	100,666,865	60,510,511

Unlimited multilateral bank guarantees have been given by Bowmer and Kirkland Limited, this company, and certain other subsidiary companies to secure the overdraft.

Bank overdrafts are annual facilities, subject to review at various dates during 2021 and are repayable on demand. The average interest rate on bank overdrafts was 1.56% (2020: 3.69%), based on the bank base rate.

20 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets 2021 £	Assets 2020 £
Balances:		
Decelerated capital allowances	348	323
Short term timing differences	66	64
	<u>414</u>	<u>387</u>
Movements in the year:		2021 £
Asset at 1 September 2020		(387)
Credit to profit or loss		(27)
Asset at 31 August 2021		<u>(414)</u>

The deferred tax asset set out above is expected to reverse within 12 months and relates to decelerated capital allowances and timing differences that are expected to mature within the same period.

PEVERIL SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

21 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	100	100	100	100

Ordinary share rights

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

22 Reserves

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

23 Operating lease commitments

Lessor

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

	2021 £	2020 £
Within one year	5,552,783	4,744,619
Between one and five years	14,498,349	15,358,958
In over five years	36,311,695	30,922,618
	<u>56,362,827</u>	<u>51,026,195</u>

The operating leases represent leases of properties to third parties. The leases are negotiated over terms of between 3 - 25 years (2020: 3 - 25 years). The company also has a small number of longer term leases, with the lease period being for 99 years and over.

24 Financial commitments, guarantees and contingent liabilities

The Bowmer and Kirkland Limited group operates a pooled facility with its bankers. Although the group had a net cash balance of £514,385,430 at 31 August 2021 (2020: £481,542,037), certain other subsidiaries had overdrafts amounting to £38,191,249 (2020: £14,207,191) at that date.

Unlimited multilateral bank guarantees have been given by Bowmer and Kirkland Limited, this company, and certain other subsidiary companies to secure these overdrafts.

At 31 August 2021 the company had given guarantees amounting to £5,027,001 (2020: £4,404,428) in respect of contract related performance bonds arising in the normal course of business.

Longbow Investment No. 3 S.a.R.L. hold a fixed charge over the company in respect of any amounts payable by Peveril Securities (Dalton Park Retail) Limited to Longbow Investment No. 3 S.a.R.L. At 31 August 2020 this amounted to £nil (2020: £1,500,000).

PEVERIL SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

25 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Loan provision		Interest receivable	
	2021	2020	2021	2020
	£	£	£	£
Entities over which the entity has control, joint control or significant influence	155,040	1,006,306	21,580	23,189

During the year the company received dividends from entities over which the company has control, joint control or influence totalling £36,108 (2020: £3,085,650).

The following amounts were outstanding at the reporting end date:

	2021	2020
	£	£
Amounts due to related parties		
Entities over which the entity has control, joint control or significant influence	-	226,102

The following amounts were outstanding at the reporting end date:

	2021	2020
	£	£
Amounts due from related parties		
Entities over which the entity has control, joint control or significant influence	26,518,817	17,973,472

26 Parent company and controlling party

The company is a wholly owned subsidiary of Bowmer and Kirkland Limited, a company registered in England and Wales.

Bowmer and Kirkland Limited is the smallest and largest company for which consolidated accounts including Peveril Securities Limited are prepared. The consolidated accounts of Bowmer and Kirkland Limited are available from its registered office, High Edge Court, Church Street, Heage, Belper, Derbyshire, DE56 2BW.

The directors consider the ultimate controlling party to be the Kirkland Family Trusts.