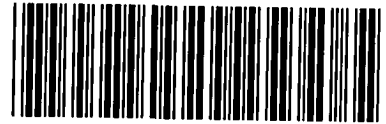


REGISTERED NUMBER: 00626625 (England and Wales)

Strategic Report, Report of the Directors and  
Financial Statements for the Year Ended 30 April 2018  
for  
Jones Homes (North West) Limited

SATURDAY



A23 \*A7LBYOC3\* 22/12/2018 #671  
COMPANIES HOUSE

Contents of the Financial Statements  
for the Year Ended 30 April 2018

|                                   | Page |
|-----------------------------------|------|
| Company Information               | 1    |
| Strategic Report                  | 2    |
| Report of the Directors           | 4    |
| Independent Auditor's Report      | 6    |
| Income Statement                  | 8    |
| Statement of Comprehensive Income | 9    |
| Balance Sheet                     | 10   |
| Statement of Changes in Equity    | 11   |
| Notes to the Financial Statements | 12   |

Jones Homes (North West) Limited

Company Information  
for the Year Ended 30 April 2018

**DIRECTORS:**

P E Jones OBE  
Mrs A Jones  
G J Hardy  
J R Claber  
N J Galleymore  
M E Jones  
A E Jones  
L Sale

**SECRETARY:**

V Maharaj

**REGISTERED OFFICE:**

Emerson House  
Heyes Lane  
Alderley Edge  
Cheshire  
SK9 7LF

**REGISTERED NUMBER:**

00626625 (England and Wales)

**AUDITOR:**

BDO LLP, Statutory Auditor  
3 Hardman Street  
Spinningfields  
Manchester - UK  
M3 3AT

Strategic Report  
for the Year Ended 30 April 2018

The directors present their strategic report for the year ended 30 April 2018.

**BUSINESS MODEL**

The principal activities of the company comprise acquiring and developing land, planning, designing and constructing residential property developments and selling the homes it builds under the 'Jones Homes' brand.

The company is a wholly owned subsidiary of Emerson Developments (Holdings) Limited, the ultimate parent company of the Emerson Group. The Emerson Group is a family owned and run property investment and development business which manages and controls all group companies on a unified basis, trading under the Orbit Developments, Emerson Management Services and Jones Homes' brands.

**STRATEGY, OBJECTIVES AND PRINCIPAL RISKS**

The strategic objectives of the company, in support of those of the group as a whole, are to drive sustainable profitability and shareholder return:

- through targeted land buying, effective planning and design and construction excellence to deliver outstanding homes;
- by pursuing other strategic land and investment opportunities, taking advantage of the company's strong balance sheet and access to financial resources;

The primary operating risks for the company centre around the macro level factors of the markets in which it operates, in particular the level of housing demand, mortgage availability and land supply. The directors undertake annual, monthly and weekly reviews of key performance indicators, including, but not limited to, reservations, sales rates, visitor levels, customer feedback, cash-flow projections and land usage. This ensures forward looking management action is taken to achieve the company's operational objectives and effectively mitigate identified risks.

The company needs to purchase sufficient good quality, consented land at attractive prices in order to provide profitable growth. Potential land acquisitions are subject to formal appraisal with those approved required to achieve the Group's strategic criteria for growth. Senior management also regularly review on a site-by-site basis land already owned, committed, and identified.

The directors also consider one of the key financial risks to be the ability of the company to manage its working capital, service liabilities and refinance borrowing facilities at their maturity date. The company maintains committed facilities of different duration that are designed to ensure that it has sufficient available funds to service its operational needs. The directors also regularly review compliance with borrowing covenants and has maintained a track record of meeting all such requirements throughout its history.

**REVIEW OF THE YEAR**

The company enjoyed a successful year, financially completing on 239 (2017: 210) properties during the year at an average price of £309,000 (2017: £323,000). As shown in the company's profit and loss account, turnover for the year was £73,937,044 (2017: £67,912,487).

Profit before taxation was £12,189,605 (2017: £11,678,188) and profit after tax of £9,855,270 (2017: £9,345,726).

The company benefited from the improving housing market. The Government's "Help to Buy" scheme was also a significant factor accounting for 93 of the 239 financial completions in the year.

The directors are not aware of any significant events since the balance sheet date affecting the company.

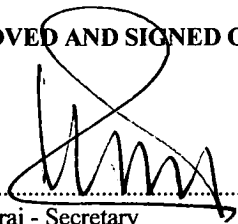
Strategic Report  
for the Year Ended 30 April 2018

**FUTURE OUTLOOK**

The housing market in the region is expected to remain buoyant with demand exceeding supply, and the directors are confident of another successful year in the coming financial year. The directors continue with a policy of acquiring land at prices that will improve future operating margins and meet anticipated demand.

The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

**APPROVED AND SIGNED ON BEHALF OF THE BOARD BY:**

  
.....  
V Maharaj - Secretary

Date: 15 October 2018

Report of the Directors  
for the Year Ended 30 April 2018

The directors present their report with the financial statements of the company for the year ended 30 April 2018.

**DIVIDENDS**

No dividends will be distributed for the year ended 30 April 2018 (2017: £nil).

**DIRECTORS**

The directors who served during the year were as follows:

P.E. Jones OBE (Chairman)  
Mrs A. Jones  
A.J. White (Resigned 01/07/17)  
G.J. Hardy  
J.R. Claber  
N.J. Galleymore  
M.E. Jones  
A.E. Jones  
L. Sale (Appointed 03/04/17)

**FUTURE DEVELOPMENTS**

Information on likely future developments has been included in the strategic report.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the strategic report, 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, to disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR**


In so far as each of the directors is aware, there is no relevant audit information (as defined by section 418 of the Companies Act 2006) of which the company's auditor is unaware, and each director has taken all steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Report of the Directors  
for the Year Ended 30 April 2018

**AUDITOR**

In accordance with section 487 of the Companies Act 2006, BDO LLP, Registered Auditor, is deemed re-appointed as auditor for the succeeding year.

**APPROVED AND SIGNED ON BEHALF OF THE BOARD BY:**

  
.....  
V Maharaj - Secretary

Date: 15 October 2018

Independent Auditor's Report to the Members of  
Jones Homes (North West) Limited

**Opinion**

We have audited the financial statements of Jones Homes (North West) Limited (the 'company') for the year ended 30 April 2018 which comprise the Income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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**

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

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

**Other information**

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Auditor's Report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.



Independent Auditor's Report to the Members of  
Jones Homes (North West) 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 or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

**Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://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.

BDO LLP

Gary Harding (Senior Statutory Auditor)  
for and on behalf of BDO LLP, Statutory Auditor  
Manchester - UK

Date: 16 October 2018

BDO LLP is a limited liability partnership registered in England and Wales (with  
registered number OC305127).

Income Statement  
for the Year Ended 30 April 2018

|                                      | Notes | 2018<br>£    | 2017<br>£    |
|--------------------------------------|-------|--------------|--------------|
| <b>TURNOVER</b>                      | 3     | 73,937,044   | 67,912,487   |
| Cost of sales                        |       | (57,880,028) | (52,000,753) |
| <b>GROSS PROFIT</b>                  |       | 16,057,016   | 15,911,734   |
| Administrative expenses              |       | (4,561,209)  | (4,674,330)  |
|                                      |       | 11,495,807   | 11,237,404   |
| Other operating income               |       | 1,258,560    | 975,906      |
| <b>OPERATING PROFIT</b>              | 6     | 12,754,367   | 12,213,310   |
| Interest receivable                  | 7     | 30,935       | 16,317       |
| Interest payable                     | 8     | (595,697)    | (551,439)    |
| <b>PROFIT BEFORE TAXATION</b>        |       | 12,189,605   | 11,678,188   |
| Tax on profit                        | 9     | (2,334,335)  | (2,332,462)  |
| <b>PROFIT FOR THE FINANCIAL YEAR</b> |       | 9,855,270    | 9,345,726    |

Jones Homes (North West) Limited (Registered number: 00626625)

Statement of Comprehensive Income  
for the Year Ended 30 April 2018

|  | Notes | 2018<br>£        | 2017<br>£        |
|--|-------|------------------|------------------|
| <b>PROFIT FOR THE YEAR</b>                         |       | 9,855,270        | 9,345,726        |
| <b>OTHER COMPREHENSIVE INCOME</b>                  |       | -                | -                |
| <b>TOTAL COMPREHENSIVE INCOME<br/>FOR THE YEAR</b> |       | <u>9,855,270</u> | <u>9,345,726</u> |

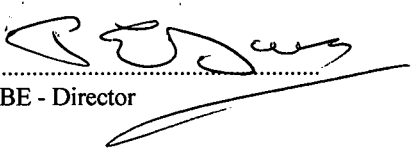
The notes form part of these financial statements

Jones Homes (North West) Limited (Registered number: 00626625)

Balance Sheet  
30 April 2018

|  | Notes | 2018<br>£          | 2017<br>£          |
|--|-------|--------------------|--------------------|
| <b>FIXED ASSETS</b>                          |       |                    |                    |
| Tangible assets                              | 10    | 3,666,890          | 3,490,697          |
| Investments                                  | 11    | 639,016            | 639,016            |
|  |       | <u>4,305,906</u>   | <u>4,129,713</u>   |
| <b>CURRENT ASSETS</b>                        |       |                    |                    |
| Stocks                                       | 12    | 73,634,190         | 77,367,497         |
| Debtors                                      | 13    | 23,396,815         | 17,763,060         |
| Cash at bank                                 |       | 17,833,403         | 9,004,380          |
|  |       | <u>114,864,408</u> | <u>104,134,937</u> |
| <b>CREDITORS</b>                             |       |                    |                    |
| Amounts falling due within one year          | 14    | 20,539,028         | 36,749,086         |
|  |       | <u>94,325,380</u>  | <u>67,385,851</u>  |
| <b>NET CURRENT ASSETS</b>                    |       |                    |                    |
|  |       | <u>98,631,286</u>  | <u>71,515,564</u>  |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |       |                    |                    |
|  |       |                    |                    |
| <b>CREDITORS</b>                             |       |                    |                    |
| Amounts falling due after more than one year | 15    | (16,730,028)       | -                  |
| <b>PROVISIONS FOR LIABILITIES</b>            | 18    | (3,039,356)        | (2,508,932)        |
| <b>NET ASSETS</b>                            |       | <u>78,861,902</u>  | <u>69,006,632</u>  |
| <b>CAPITAL AND RESERVES</b>                  |       |                    |                    |
| Called up share capital                      | 19    | 240,000            | 240,000            |
| Retained earnings                            |       | 78,621,902         | 68,766,632         |
| <b>SHAREHOLDERS' FUNDS</b>                   |       | <u>78,861,902</u>  | <u>69,006,632</u>  |

The financial statements were approved and authorised for issue by the Board of Directors on 15.....October 2018 and were signed on its behalf by:

  
P E Jones OBE - Director

The notes form part of these financial statements

Jones Homes (North West) Limited (Registered number: 00626625)

Statement of Changes in Equity  
for the Year Ended 30 April 2018

|                                 | Called up<br>share<br>capital<br>£ | Retained<br>earnings<br>£ | Total<br>equity<br>£ |
|---------------------------------|------------------------------------|---------------------------|----------------------|
| <b>Balance at 1 May 2016</b>    | 240,000                            | 59,420,906                | 59,660,906           |
| <b>Changes in equity</b>        |                                    |                           |                      |
| Profit for the year             | -                                  | 9,345,726                 | 9,345,726            |
| Total comprehensive income      | -                                  | 9,345,726                 | 9,345,726            |
| <b>Balance at 30 April 2017</b> | 240,000                            | 68,766,632                | 69,006,632           |
| <b>Changes in equity</b>        |                                    |                           |                      |
| Profit for the year             | -                                  | 9,855,270                 | 9,855,270            |
| Total comprehensive income      | -                                  | 9,855,270                 | 9,855,270            |
| <b>Balance at 30 April 2018</b> | 240,000                            | 78,621,902                | 78,861,902           |

The notes form part of these financial statements

Notes to the Financial Statements  
for the Year Ended 30 April 2018

**1. GENERAL INFORMATION**

Jones Homes (North West) Limited is a limited liability company incorporated in England. The Registered Office is set out on page 1 to the financial statements and the nature of the company's operations and its principal activities are set out in the Strategic Report.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

**Going concern**

The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposures to price, credit, liquidity and cash flow risk are described in the Strategic Report.

The company meets its day to day working capital requirements through available cash resources and committed banking facilities and those of the Group. Based on the company's forecasts and projections, together with available market information and the directors' knowledge and experience of the company's developments and markets, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

**Financial Reporting Standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c).

**Turnover**

Turnover in respect of the sale of completed homes is recognised at the value of the consideration received or receivable on legal completion of the sale.

**Tangible fixed assets**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of each asset less its residual value on a straight line basis as follows:

|                     |               |
|---------------------|---------------|
| Freehold land       | 0% per annum  |
| Freehold property   | 1% per annum  |
| Plant and equipment | 15% per annum |

Ground rents are capitalised at four years' income and are not amortised, as it is considered that they have an indefinite useful life. The Directors have included capitalised ground rents within freehold land in tangible fixed assets.

**Investments in subsidiaries**

Investments in subsidiary undertakings are recognised at cost less any provision for impairment.

**Stocks**

Stock is valued at lower of cost and net realisable value. Cost of sites in progress represents direct costs including attributable overheads but excluding finance charges.

Notes to the Financial Statements - continued  
for the Year Ended 30 April 2018

**2. ACCOUNTING POLICIES - continued**

**Taxation**

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current tax is the tax payable on the taxable income for the year and any adjustment in respect of previous years.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the asset is realised or the liability is settled.

**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and are depreciated over their useful economic lives.

Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account over the primary lease period.

**Pension costs**

Pension costs in respect of the Group's defined contribution pension scheme are charged to the profit and loss account in the period for which contributions are payable.

**Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less.

**Financial instruments**

All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash payable to the bank (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method, less impairment. The effective interest rate amortisation is included in interest payable in the income statement.

Other basic financial instruments including trade debtors, trade creditors and amounts due to and from related parties, with no stated interest rate and receivable or payable within one year, are recorded at transaction price. Such assets and liabilities are subsequently carried at amortised cost using the effective interest rate method. Any losses arising from impairment are recognised in the income statement.

**Reserves**

The company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- Retained earnings represents cumulative profits or losses, net of dividends paid and other adjustments.

**Provisions**

Provisions are recognised when the company has a present obligation as a result of a past event, and it is probable that the company will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date.

**3. TURNOVER**

Turnover comprises invoiced sales for the year, including land sales.

Notes to the Financial Statements - continued  
for the Year Ended 30 April 2018

**4. EMPLOYEES AND DIRECTORS**

|                                   | 2018<br>£        | 2017<br>£        |
|-----------------------------------|------------------|------------------|
| Staff costs during the year were: |                  |                  |
| Wages and salaries                | 2,853,185        | 2,546,558        |
| Social security costs             | 295,470          | 265,453          |
| Other pension costs               | 63,860           | 58,888           |
|                                   | <u>3,212,515</u> | <u>2,870,899</u> |

|   | No.       | No.       |
|---|-----------|-----------|
| The average monthly number of persons employed by the company during the year was | <u>81</u> | <u>71</u> |

Pension costs outstanding as at the year end were Nil ( 2017: £Nil)

**5. DIRECTORS' EMOLUMENTS**

During the year the Directors neither received nor were due to receive any emoluments from the company (2017: £nil). No pension contribution were paid in respect of Directors.

**6. OPERATING PROFIT**

The operating profit is stated after charging:

|  | 2018<br>£         | 2017<br>£         |
|--|-------------------|-------------------|
| Depreciation - owned assets                      | 98,397            | 93,693            |
| Depreciation - assets on hire purchase contracts | 16,496            | -                 |
| Inventory expense                                | <u>54,643,019</u> | <u>49,224,576</u> |

and is after crediting:

|                              | 2018<br>£      | 2017<br>£      |
|------------------------------|----------------|----------------|
| Profit on disposal of assets | 254,896        | 21,646         |
| Rental income                | <u>434,345</u> | <u>421,577</u> |

Auditor's remuneration is borne by the ultimate parent company.

**7. INTEREST RECEIVABLE**

|                           | 2018<br>£     | 2017<br>£     |
|---------------------------|---------------|---------------|
| Other interest receivable | <u>30,935</u> | <u>16,317</u> |

**8. INTEREST PAYABLE**

|                       | 2018<br>£      | 2017<br>£      |
|-----------------------|----------------|----------------|
| Bank interest payable | <u>595,697</u> | <u>551,439</u> |



Notes to the Financial Statements - continued  
for the Year Ended 30 April 2018

9. **TAXATION**

**Analysis of the tax charge**

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

|                                | 2018<br>£               | 2017<br>£               |
|--------------------------------|-------------------------|-------------------------|
| Current tax:                   |                         |                         |
| Corporation tax - current year | 2,314,992               | 2,298,959               |
| Group relief - current year    | -                       | 27,294                  |
| Total current tax              | <u>2,314,992</u>        | <u>2,326,253</u>        |
| Deferred tax:                  |                         |                         |
| Deferred tax - current year    | 2,306                   | 5,585                   |
| Deferred tax - prior year      | 17,037                  | 624                     |
| Total deferred tax             | <u>19,343</u>           | <u>6,209</u>            |
| Tax on profit                  | <u><u>2,334,335</u></u> | <u><u>2,332,462</u></u> |

UK corporation tax has been charged at 19% (2017 - 19.92%).

**Reconciliation of total tax charge included in profit and loss**

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

|   | 2018<br>£               | 2017<br>£               |
|---|-------------------------|-------------------------|
| Profit before tax   | <u>12,189,605</u>       | <u>11,678,188</u>       |
| Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.920%) | 2,316,025               | 2,326,295               |
| Effects of:   |                         |                         |
| Expenditure not deductible for tax purposes   | 1,544                   | 247,081                 |
| Impact of change in UK tax rate   | (271)                   | 5,322                   |
| Prior year adjustment   | 17,037                  | 624                     |
| Other timing differences  | -                       | (246,860)               |
| Total tax charge  | <u><u>2,334,335</u></u> | <u><u>2,332,462</u></u> |

Notes to the Financial Statements - continued  
for the Year Ended 30 April 2018

10. **TANGIBLE FIXED ASSETS**

|                       | Freehold<br>land and<br>buildings<br>£ | Plant and<br>machinery<br>£ | Totals<br>£ |
|-----------------------|--|-----------------------------|-------------|
| <b>COST</b>           |  |                             |             |
| At 1 May 2017         | 3,249,301                              | 872,632                     | 4,121,933   |
| Additions             | 164,240                                | 169,410                     | 333,650     |
| Disposals             | (42,564)                               | -                           | (42,564)    |
| At 30 April 2018      | 3,370,977                              | 1,042,042                   | 4,413,019   |
| <b>DEPRECIATION</b>   |  |                             |             |
| At 1 May 2017         | 126,059                                | 505,177                     | 631,236     |
| Charge for year       | 10,430                                 | 104,463                     | 114,893     |
| At 30 April 2018      | 136,489                                | 609,640                     | 746,129     |
| <b>NET BOOK VALUE</b> |  |                             |             |
| At 30 April 2018      | 3,234,488                              | 432,402                     | 3,666,890   |
| At 30 April 2017      | 3,123,242                              | 367,455                     | 3,490,697   |

Freehold land and property includes ground rents and comprises freehold land of £2,327,984 (2017: £2,206,308), which is not depreciated and freehold property of £906,504 (2017: £916,934).

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

|                       | Plant and<br>machinery<br>£ |
|-----------------------|-----------------------------|
| <b>COST</b>           |                             |
| Additions             | 109,978                     |
| At 30 April 2018      | 109,978                     |
| <b>DEPRECIATION</b>   |                             |
| Charge for year       | 16,496                      |
| At 30 April 2018      | 16,496                      |
| <b>NET BOOK VALUE</b> |                             |
| At 30 April 2018      | 93,482                      |

Notes to the Financial Statements - continued  
for the Year Ended 30 April 2018

11. **FIXED ASSET INVESTMENTS**

|                       | Shares in<br>group<br>undertakings<br>£ |
|-----------------------|---|
| <b>COST</b>           |   |
| At 1 May 2017         |   |
| and 30 April 2018     | 1,289,016                               |
| <b>PROVISIONS</b>     |   |
| At 1 May 2017         |   |
| and 30 April 2018     | 650,000                                 |
| <b>NET BOOK VALUE</b> |   |
| At 30 April 2018      | 639,016                                 |
| At 30 April 2017      | 639,016                                 |

The company holds the following interest in subsidiary and joint venture undertakings:

100% of the Ordinary share capital of:

|                                       |                             |
|---------------------------------------|-----------------------------|
| Convau-Construcoes do Vau Limitada    | Hotel Operator              |
| Emerson Properties Limited            | Property Management         |
| Emerson Services Limited              | Dormant                     |
| F E Jones (Builders) Limited          | Joinery Manufacture         |
| JBG (Property) Limited                | Housebuilding               |
| Jones Homes Group Limited             | Dormant                     |
| Jones Homes (Yorkshire) Limited       | Housebuilding               |
| P E Jones (Contractors) Limited       | Dormant                     |
| Jones Homes (Southern) Limited        | Housebuilding               |
| Jones Residential (Leasing) Limited   | Property Management         |
| P E Jones Contractors (Homes) Limited | Dormant                     |
| Stargaze Windows Limited              | Manufacture of UPVC windows |
| Victor New Homes Limited              | Housebuilding               |

All of the above are registered at Emerson House, Heys Lane, Alderley Edge, Cheshire, SK9 7LF except Convau- Construcoes do Vau Limitada which is registered at Jardim do Vau Portimao, Praia do Vau, Potimao, 8500-820 Portimao, Portugal.

50% of the Ordinary share capital of:

|   |               |
|---|---------------|
| Woodblane Developments (Holdings) Limited | Dormant       |
| Woodblane Developments Limited            | Housebuilding |

The two companies above are registered c/o Grant Thornton, 8 - 110 Queen St, Glasgow, Lanarkshire G1 3BX

Shares in Emerson Properties Limited and Woodblane Developments Limited are held indirectly.

Aggregate profits for the year attributable to members are £5,298,581 (2017: £5,106,300) and aggregate profits to date are £55,878,742 (2017: £50,580,161).

Group accounts have not been prepared because the company is a wholly owned subsidiary of another.

Notes to the Financial Statements - continued  
for the Year Ended 30 April 2018

12. **STOCKS**

|                  | 2018              | 2017              |
|------------------|-------------------|-------------------|
|                  | £                 | £                 |
| Land stocks      | 43,089,527        | 53,784,757        |
| Work-in-progress | 30,127,372        | 23,112,384        |
| Other stocks     | 417,291           | 470,356           |
|                  | <u>73,634,190</u> | <u>77,367,497</u> |

13. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|                                    | 2018              | 2017              |
|------------------------------------|-------------------|-------------------|
|                                    | £                 | £                 |
| Trade debtors                      | 725,057           | 969,916           |
| Amounts owed by group undertakings | 16,425,199        | 10,657,421        |
| Other debtors                      | 5,141,907         | 6,044,823         |
| VAT                                | 746,095           | -                 |
| Deferred tax asset                 | 71,557            | 90,900            |
| Prepayments and accrued income     | 287,000           | -                 |
|                                    | <u>23,396,815</u> | <u>17,763,060</u> |

The balance owed by group companies is unsecured, interest free and repayable on demand.

Trade debtors represented amounts due under the HomeBuy Direct scheme, Jones HomeBuy scheme and FirstBuy scheme are secured on the properties concerned, and will be realised over a period in excess of one year.

The recoverability of the deferred tax asset is dependent on future taxable profits and as such may in part be realised in a period exceeding one year.

The deferred tax asset as is made up as follows (Note 18):

|                                | 2018          | 2017          |
|--------------------------------|---------------|---------------|
|                                | £             | £             |
| Accelerated capital allowances | 36,995        | 30,380        |
| Short term timing differences  | 34,562        | 60,520        |
|                                | <u>71,557</u> | <u>90,900</u> |

14. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|   | 2018              | 2017              |
|---|-------------------|-------------------|
|   | £                 | £                 |
| Bank loans and overdrafts (see note 16) | -                 | 21,046,147        |
| Hire purchase contracts (see note 17)   | 197,850           | -                 |
| Trade creditors                         | 1,684,893         | 1,590,366         |
| Amounts owed to group undertakings      | 12,420,303        | 6,118,198         |
| Corporation tax payable                 | 2,314,992         | 2,298,959         |
| Social security and other taxes         | 143,654           | 96,538            |
| Other creditors                         | 2,313,391         | 4,073,645         |
| Accruals and deferred income            | 1,463,945         | 1,525,233         |
|   | <u>20,539,028</u> | <u>36,749,086</u> |

Notes to the Financial Statements - continued  
for the Year Ended 30 April 2018

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued**

The balance owed by group companies is unsecured, interest free and repayable on demand.

Bank loans and overdrafts are secured on certain assets of the company and interest is incurred on long term loans at the LIBOR rate plus a margin of 2.5%.

**15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

|                                       | 2018<br>£         | 2017<br>£ |
|---------------------------------------|-------------------|-----------|
| Bank loans (see note 16)              | 16,540,000        | -         |
| Hire purchase contracts (see note 17) | 190,028           | -         |
|                                       | <u>16,730,028</u> | <u>-</u>  |

**16. BANK LOANS AND OVERDRAFTS**

An analysis of the maturity of bank loans and overdrafts is given below:

|   | 2018<br>£         | 2017<br>£         |
|---|-------------------|-------------------|
| Amounts falling due within one year or on demand: |                   |                   |
| Bank loans and overdrafts                         | <u>-</u>          | <u>21,046,147</u> |
| Amounts falling due between two and five years:   |                   |                   |
| Bank loans 2-5 yrs in full                        | <u>16,540,000</u> | <u>-</u>          |

**17. LEASING AGREEMENTS**

Minimum lease payments under hire purchase fall due as follows:

|                            | Hire purchase contracts<br>2018<br>£ | 2017<br>£ |
|----------------------------|--------------------------------------|-----------|
| Net obligations repayable: |                                      |           |
| Within one year            | 197,850                              | -         |
| Between one and five years | 190,028                              | -         |
|                            | <u>387,878</u>                       | <u>-</u>  |

Future minimum lease rentals receivable under non-cancellable operating leases are as follows:

|                     | 2018<br>£          | 2017<br>£          |
|---------------------|--------------------|--------------------|
| Less than 1 year    | 523,060            | 520,708            |
| Between 2 & 5 years | 2,160,941          | 2,128,948          |
| More than 5 years   | 512,888,418        | 513,480,891        |
| Total               | <u>515,572,419</u> | <u>516,130,547</u> |

Notes to the Financial Statements - continued  
for the Year Ended 30 April 2018

**18. PROVISIONS FOR LIABILITIES**

|  | 2018<br>£         | 2017<br>£                  |
|--|-------------------|----------------------------|
| Other provisions                       |                   |                            |
| Site completion costs                  | 3,039,356         | 2,508,932                  |
|  |                   |                            |
|  | Deferred tax<br>£ | Site completion costs<br>£ |
| Balance at 1 May 2017                  | (90,900)          | 2,508,932                  |
| Charge to Income Statement during year | 19,343            | -                          |
| Additional provision                   | -                 | 2,054,385                  |
| Amount used                            | -                 | (1,523,961)                |
|  |                   |                            |
| Balance at 30 April 2018               | (71,557)          | 3,039,356                  |

Provisions have been recognised in respect of site completion costs. It is expected that most of this expenditure will be incurred during the next two years, and all will be incurred within the next four years.

**19. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

| Number: | Class:   | Nominal value: | 2018<br>£ | 2017<br>£ |
|---------|----------|----------------|-----------|-----------|
| 240,000 | Ordinary | £1             | 240,000   | 240,000   |

**20. ULTIMATE PARENT COMPANY**

The company's parent company and controlling party is Emerson Developments (Holdings) Limited, a company incorporated in England. In the opinion of the Directors this is the company's ultimate parent company and ultimate controlling party.

The results of the company are included in the consolidated accounts of Emerson Developments (Holdings) Limited. A copy of these accounts may be obtained from The Registrar of Companies, Companies House, Crown Way, Cardiff.

**21. RELATED PARTY DISCLOSURES**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 Section 33 'The Financial reporting Standard applicable in the UK and the Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.