

REGISTERED NUMBER: 00626625 (England and Wales)

Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 30 April 2023
for
Jones Homes (North West) Limited

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for the Year Ended 30 April 2023

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Jones Homes (North West) Limited

Company Information
for the Year Ended 30 April 2023

DIRECTORS:

P E Jones OBE
Mrs A Jones
M E Jones
A E Jones
A J Bedson
L E Jones
N E Jones

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 2023

The directors present their strategic report for the year ended 30 April 2023.

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 and
- 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 benefits from facilities of different durations 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 have maintained a track record of meeting all such requirements throughout its history. During the year and at the year end, the company operated within the parameters set by its banking covenants, to which it was party. The directors acknowledge the continuing economic uncertainty from the ongoing conflict in the Ukraine, persistent high levels of inflation and the recent outbreak of hostilities in the Middle East. The directors remain focused on proactively managing the company's costs base and revenue streams to enable the positive management of cash and liquidity. The directors expect to continue to meet all covenants for the foreseeable future.

The continued challenges faced from the Covid-19 pandemic have ensured additional health and safety procedures continue to be enforced in regional offices, on site and in sales centres, whilst management continue to set a greater focus on forecasting the timing of housing completions to enable the positive management of cash and liquidity.

Strategic Report
for the Year Ended 30 April 2023

SECTION 172(1) STATEMENT

Changes to the Companies Act 2006 introduced a new requirement, in Section 172, for the Annual Report to include a statement on how the Board have acted in a way that promotes the success of the Group for the benefit of its members as a whole (having regard to the stakeholders and matters set out in S172(1)(a-f) of the Companies Act 2006).

(a) Long Term Effect of our Decisions

As a family owned and managed business that has successfully traded since 1959 the Board is acutely aware of the shareholders desire to own a sustainable business generating recurring profits over the long term. Unlike publicly quoted companies, where there often is an over emphasis on immediate financial performance and the next half year announcement, the Board can look at investment horizons of 10 years and beyond to assess and prioritise individual projects.

(b) Employees

In setting any specific strategy or project in motion the Board recognises that it will primarily be through the endeavours of its employees that success is achieved. By continuing to remunerate employees appropriately, training them effectively and giving them the correct resources to discharge their duties there is a much greater likelihood that the success of the Group will be maintained.

(c) Business Relationships - Supplier, Customers

The company operates in both business to business transactions and business to customer in its house building activities. It is only through properly understanding the requirements of all customers that an attractive selling proposition can be developed which in turn generates the goodwill and brand awareness that the Company enjoys. Engagement with specific suppliers who similarly understand the Jones Homes way of working and quality of product offering is also key in achieving this objective.

(d) Community & Environment

In an increasingly legislated environment, the Board is mindful of its impact on the environment and local community. Investment decisions which generally arise from construction opportunities go through an exhaustive process in England and the overseas areas that we operate in to ensure that proper account is taken of a multitude of factors. This might be natural life habitat, affordable housing, energy efficiency, traffic volumes and so on.

(e) High standard of Business Conduct

It is the intention of the Board that not only they but also all those people involved in or associated with the Company operate the business in an ethical and responsible way.

(f) Investors

The capital invested in the Company is provided by its shareholders. As a wholly family owned and managed business with two generations of Peter Emerson Jones's family on the Board, the investors are kept fully informed on the business activities.

Examples of Board Actions

The new changes demand that this report includes specific examples of how the Board has considered its various stakeholders throughout the year:

a) Health and Safety

As the first substantive agenda item in all Board meetings, the Health and Safety of all those people that the business interact with is constantly under review. To support existing internal resource, the company has recently partnered with DataStation to centralise and digitise the tracking, management and reporting of Health and Safety, Environmental and Quality compliance across the company's developments.

b) Customer Relationships

With the introduction of the Fire Safety Regulations 2022, the company has implemented a number of new projects to communicate with leaseholders and occupants in residential blocks of apartments to provide information on fire safety in their homes. Comprehensive fire safety booklets have been printed and circulated to occupiers of apartment blocks managed by the company.

Strategic Report
for the Year Ended 30 April 2023

REVIEW OF THE YEAR

During the Autumn of 2022 the company began to experience a slowdown in visitor numbers and rates of sale on the back of the turmoil caused by the short lived Liz Truss administration and her mini budget. This continued into the second half of the financial year with low consumer confidence and higher mortgage costs compounding already stretched household finances. Against this backdrop, the company financially completed on 84 (2022: 80) properties during the year at an average price of £390,407 (2022: £350,571). As shown in the company's profit and loss account, turnover for the year was £32,794,179 (2022: £28,045,708).


Profit before taxation was £1,684,846 (2022: £3,144,096) with the prior year result inclusive of dividend income of £2,000,000. Profit after tax was £1,117,216 (2022: £2,912,364).

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

FUTURE OUTLOOK

Over the last 18 months, the UK economy has experienced a number of significant economic and political events, culminating in a period of sustained inflation, increased borrowing costs and a more fragile economy. September 2022's mini-budget and resulting turmoil in the financial markets proved particularly damaging for the housing market with footfall and reservation rates immediately reacting to the increased uncertainty. Although a degree of stability has since returned, affordability issues persist and activity levels remain subdued. The company continues to actively manage its development program to align with market demand and focus on net margin rather than volume.

APPROVED AND SIGNED ON BEHALF OF THE BOARD BY:



.....
V Maharaj - Secretary

³¹
Date: December 2023

Report of the Directors
for the Year Ended 30 April 2023

The directors present their report with the financial statements of the company for the year ended 30 April 2023.

DIVIDENDS

The total distribution of dividends for the year ended 30 April 2023 was £Nil (2022: £Nil).

DIRECTORS

The directors who served during the year were as follows:

P.E. Jones OBE (Chairman)

Mrs A. Jones

J.R. Claber (Resigned 30/11/2022)

M.E. Jones

A.E. Jones

A.J. Bedson

L.E. Jones (Appointed 01/05/2022)

N.E. Jones (Appointed 01/05/2022)

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

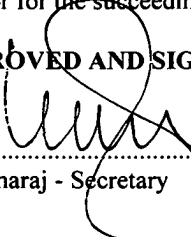
In so far as each of the directors is aware, there is no relevant audit information (as defined by section 418 of the Companies Act 2006) of which the company's auditor is unaware, and each director has taken all steps that he or she ought to have taken as a director in order to make himself or herself 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 2023

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

³¹
Date: December 2023

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

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 April 2023 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.

We have audited the financial statements of Jones Homes (North West) Limited ("the Company") for the year ended 30 April 2023 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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

Other Companies Act 2006 reporting

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

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 five, 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.

Auditors' 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with management and those charged with governance and legal counsel;
- Obtaining an understanding of the Company's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be (United Kingdom Generally Accepted Accounting Practice), the Companies Act 2006, relevant tax legislation, Health and Safety and the Bribery Act 2010.

The Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be fire safety legislation, environmental legislation, health and safety legislation and data protection requirements.

Our procedures in respect of the above included:

- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation and;
- Involvement of tax specialists in the audit.

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

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override and revenue recognition with regard to cut off.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias in particular for the carrying value of the residential land and work in progress; and
- Testing a sample of revenue transactions within a specified cut off window to determine if they have been recorded in the correct period.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

DocuSigned by:

Gary Harding

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Gary Harding (Senior Statutory Auditor)
for and on behalf of BDO LLP, Statutory Auditor
Manchester - UK
Date: 03 January 2024

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

Income Statement
for the Year Ended 30 April 2023

	Notes	2023 £	2022 £
TURNOVER	3	32,794,179	28,045,708
Cost of sales		<u>(26,748,463)</u>	<u>(23,229,403)</u>
GROSS PROFIT		6,045,716	4,816,305
Administrative expenses		<u>(4,777,661)</u>	<u>(3,856,076)</u>
		1,268,055	960,229
Other operating income		<u>453,958</u>	<u>2,528,173</u>
OPERATING PROFIT	6	1,722,013	3,488,402
Interest receivable	7	460,574	59,253
Interest payable	8	<u>(497,741)</u>	<u>(403,559)</u>
PROFIT BEFORE TAXATION		1,684,846	3,144,096
Tax on profit	9	<u>(567,630)</u>	<u>(231,732)</u>
PROFIT FOR THE FINANCIAL YEAR		<u><u>1,117,216</u></u>	<u><u>2,912,364</u></u>

The notes on pages 14 to 22 form part of these financial statements

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

Statement of Comprehensive
Income
for the Year Ended 30 April 2023

	Notes	2023 £	2022 £
PROFIT FOR THE YEAR		1,117,216	2,912,364
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,117,216</u>	<u>2,912,364</u>

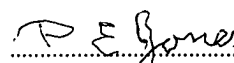
The notes on pages 14 to 22 form part of these financial statements

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

Balance Sheet
30 April 2023

	Notes	2023	2022
		£	£
FIXED ASSETS			
Tangible assets	10	3,448,250	3,562,951
Investments	11	639,016	639,016
		<u>4,087,266</u>	<u>4,201,967</u>
CURRENT ASSETS			
Stocks	12	76,281,866	54,474,996
Debtors	13	33,160,320	15,914,583
Cash at bank		11,070,146	42,558,734
		<u>120,512,332</u>	<u>112,948,313</u>
CREDITORS			
Amounts falling due within one year	14	27,799,915	12,076,874
		<u>92,712,417</u>	<u>100,871,439</u>
NET CURRENT ASSETS			
		<u>96,799,683</u>	<u>105,073,406</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS			
Amounts falling due after more than one year	15	(6,530,119)	(14,630,119)
PROVISIONS FOR LIABILITIES	18	(1,419,984)	(2,710,923)
NET ASSETS		<u>88,849,580</u>	<u>87,732,364</u>
CAPITAL AND RESERVES			
Called up share capital	19	240,000	240,000
Retained earnings		88,609,580	87,492,364
SHAREHOLDERS' FUNDS		<u>88,849,580</u>	<u>87,732,364</u>

The financial statements were approved and authorised for issue by the Board of Directors and authorised for issue on 31 December 2023 and were signed on its behalf by:


P E Jones OBE - Director

Statement of Changes in Equity
for the Year Ended 30 April 2023

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 May 2021	240,000	84,580,000	84,820,000
Changes in equity			
Profit for the year	-	2,912,364	2,912,364
Total comprehensive income	-	2,912,364	2,912,364
Balance at 30 April 2022	240,000	87,492,364	87,732,364
Changes in equity			
Profit for the year	-	1,117,216	1,117,216
Total comprehensive income	-	1,117,216	1,117,216
Balance at 30 April 2023	240,000	88,609,580	88,849,580

Notes to the Financial Statements
for the Year Ended 30 April 2023

1. GENERAL INFORMATION

Jones Homes (North West) Limited is a limited liability company incorporated in England and Wales. 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. During the year and at the year end, the company operated within the parameters set by its banking covenants, to which it was party. In assessing future cash receipts the directors have taken into account the economic climate and its impact of the timing and collectability of housing completions. After due consideration, they continue to adopt the going concern basis in preparing the annual report and accounts.

Financial Reporting Standard 102 - 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 paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirement of paragraph 33.7.

Significant judgements and estimates

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

Valuation of WIP and margin recognition

Valuations, which include an estimation of costs to complete and remaining revenues, are carried out at regular intervals throughout the year. These assessments include a degree of inherent uncertainty when estimating the profitability of a site and in assessing any impairment provisions that may be required, where the carrying value is determined to exceed the lower of cost and net realisable value. To the extent that the assumptions used by management in assessing net realisable value prove to be inaccurate, further adjustments to the carrying value may be required.

To determine the amount of gross profit that the Company is able to recognise on completed house sales in the year, the Company needs to allocate site wide costs between all plots. It is also necessary to estimate costs to complete on such site wide costs. In making these assessments certain estimates are made, which may not prove to be accurate.

Notes to the Financial Statements - continued
for the Year Ended 30 April 2023

2. **ACCOUNTING POLICIES - continued**

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	Not depreciated
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.

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.

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.

Notes to the Financial Statements - continued
for the Year Ended 30 April 2023

2. **ACCOUNTING POLICIES - continued**

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. All sales arise in the United Kingdom.

4. **EMPLOYEES AND DIRECTORS**

	2023 £	2022 £
Staff costs during the year were:		
Wages and salaries	1,809,206	1,741,441
Social security costs	204,598	184,526
Other pension costs	77,686	77,336
	<u>2,091,490</u>	<u>2,003,303</u>
	No.	No.
The average monthly number of persons employed by the company during the year was	<u>70</u>	<u>72</u>

Pension costs outstanding as at the year end were £9,828 (2022: £12,035).

5. **DIRECTORS' EMOLUMENTS**

During the year the Directors neither received nor were due to receive any emoluments from the company (2022: £nil). No pension contributions were paid in respect of Directors.

Notes to the Financial Statements - continued
for the Year Ended 30 April 2023

6. OPERATING PROFIT

The operating profit is stated after charging:

	2023	2022
	£	£
Depreciation - owned assets	122,346	141,675
Inventory expense	24,265,427	21,524,007

and is after crediting:

	2023	2022
	£	£
Profit on disposal of assets	-	67,284
Rental income	413,205	440,865

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

7. INTEREST RECEIVABLE

	2023	2022
	£	£
Bank interest receivable	130,162	48,704
Group interest receivable	324,545	-
Other interest receivable	5,867	10,549
	460,574	59,253

8. INTEREST PAYABLE

	2023	2022
	£	£
Bank interest payable	497,741	403,559

9. TAXATION

Analysis of the tax charge

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

	2023	2022
	£	£
Current tax:		
Corporation tax - current year	512,938	249,908
Corporation tax - prior year	52,665	(42,806)
Group relief - current year	17,813	29,700
Total current tax	583,416	236,802
Deferred tax:		
Deferred tax - current year	(15,786)	(17,876)
Deferred tax - prior year	-	12,806
Total deferred tax	(15,786)	(5,070)
Tax on profit	567,630	231,732

UK corporation tax has been charged at 19.49% (2022 - 19%).

Notes to the Financial Statements - continued
for the Year Ended 30 April 2023

9. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than (2022 - lower than) the standard rate of corporation tax in the UK. The difference is explained below:

	2023 £	2022 £
Profit before tax	<u>1,684,846</u>	<u>3,144,096</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19.490% (2022 - 19%)	328,376	597,378
Effects of:		
Expenditure not deductible for tax purposes	175,673	77,241
Impact of change in UK tax rate	10,916	(3,187)
Prior year adjustment	52,665	(30,000)
Group relief	-	(29,700)
Income not taxable for tax purposes	-	(380,000)
Total tax charge	<u>567,630</u>	<u>231,732</u>

The Finance Act 2021 received Royal Assent on 10 June 2021 and provided that the rate of United Kingdom Corporation Tax would increase from 19% to 25% on 1 April 2023. United Kingdom deferred tax balances at 30 April 2022 were therefore re-measured at 25%. This rate has been applied at 30 April 2023.

10. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant and machinery £	Totals £
COST			
At 1 May 2022	3,436,739	1,406,283	4,843,022
Additions	-	7,645	7,645
At 30 April 2023	<u>3,436,739</u>	<u>1,413,928</u>	<u>4,850,667</u>
DEPRECIATION			
At 1 May 2022	180,064	1,100,007	1,280,071
Charge for year	10,430	111,916	122,346
At 30 April 2023	<u>190,494</u>	<u>1,211,923</u>	<u>1,402,417</u>
NET BOOK VALUE			
At 30 April 2023	<u>3,246,245</u>	<u>202,005</u>	<u>3,448,250</u>
At 30 April 2022	<u>3,256,675</u>	<u>306,276</u>	<u>3,562,951</u>

Freehold land and property includes ground rents and comprises freehold land of £2,393,747 (2022: £2,393,747), which is not depreciated and freehold property of £852,498 (2022: £862,928).

Notes to the Financial Statements - continued
for the Year Ended 30 April 2023

11. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 May 2022 and 30 April 2023	1,289,016
PROVISIONS	
At 1 May 2022 and 30 April 2023	650,000
NET BOOK VALUE	
At 30 April 2023	639,016
At 30 April 2022	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, Heyes 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 BDO, 4 Atlantic Quay 70 York Street Glasgow G2 8JX.

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

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

12. STOCKS

	2023 £	2022 £
Land stocks	45,990,313	26,749,996
Work-in-progress	29,992,553	27,411,304
Other stocks	299,000	313,696
	<u>76,281,866</u>	<u>54,474,996</u>

Notes to the Financial Statements - continued
for the Year Ended 30 April 2023

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Trade debtors	263,291	275,256
Amounts owed by group undertakings	32,468,552	14,262,538
Other debtors	111,610	484,000
VAT	121,300	675,057
Deferred tax asset	94,518	78,732
Prepayments and accrued income	101,049	139,000
	<u>33,160,320</u>	<u>15,914,583</u>

The balance owed by group companies is unsecured and repayable on demand. Of the total amount, £25,000,000 incurred interest at an effective rate of 2.84% in the year. The remaining balance was interest free.

Trade debtors comprise 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 is made up as follows (Note 18):

	2023	2022
	£	£
Accelerated capital allowances	70,768	54,982
Short term timing differences	23,750	23,750
	<u>94,518</u>	<u>78,732</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Trade creditors	371,265	816,974
Amounts owed to group undertakings	19,853,398	3,817,309
Corporation tax payable	565,604	207,103
Social security and other taxes	90,908	88,838
Other creditors	5,922,507	5,155,781
Accruals and deferred income	996,233	1,990,869
	<u>27,799,915</u>	<u>12,076,874</u>

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

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

	2023	2022
	£	£
Bank loans (see note 16)	<u>6,530,119</u>	<u>14,630,119</u>

Notes to the Financial Statements - continued
for the Year Ended 30 April 2023

16. BANK LOANS AND OVERDRAFTS

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

	2023 £	2022 £
Amounts falling due between two and five years:		
Bank loans 2-5 yrs in full	<u>6,530,119</u>	<u>14,630,119</u>

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

17. LEASING AGREEMENTS

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

	2023 £	2022 £
Less than 1 year	599,082	533,132
Between 2 & 5 years	2,451,640	2,214,628
More than 5 years	<u>539,697,189</u>	<u>521,450,551</u>
Total	<u>542,747,911</u>	<u>524,198,311</u>

18. PROVISIONS FOR LIABILITIES

	2023 £	2022 £
Other provisions		
Site completion costs	<u>1,419,984</u>	<u>2,710,923</u>
	Deferred tax	Site completion costs
	£	£
Balance at 1 May 2022	(78,732)	2,710,923
(Credit)/charge to Income Statement during year	(15,786)	281,236
Utilised during year	-	(1,572,175)
Balance at 30 April 2023	<u>(94,518)</u>	<u>1,419,984</u>

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:	2023 £	2022 £
240,000	Ordinary	£1	<u>240,000</u>	<u>240,000</u>

Notes to the Financial Statements - continued
for the Year Ended 30 April 2023

20. ULTIMATE PARENT COMPANY

The company's parent company and controlling party is Emerson Developments (Holdings) Limited, a company incorporated in England and Wales. 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.

On the 14th day of March 2023 a Special Resolution was agreed and passed to approve the sale by the company of residential property to Nathan Emerson Jones (a director of the company) for the sum of £650,000. The transaction completed on 3 April 2023 and all amounts due were paid on that date.