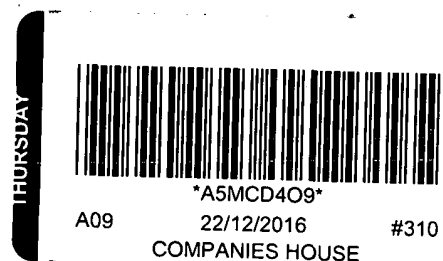


Broadthorpe Limited

Annual report and financial statements
for the year ended 31 May 2016

Registered number: 716577



Broadthorpe Limited

Annual report and financial statements for the year ended 31 May 2016

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Broadthorpe Limited

Directors and advisors

Directors

E Davis MCIOB

T Higgins OBE FCIS Hon D.Tech

G Higgins

M Halley (appointed 1st July 2015)

J Eddershaw

L Cooke

G Davis

W Davis

H Hellman

P Higgins

G Newcombe

R Pratt

A Reeves

Company Secretary

G Pearson FCA

Registered office

Forest Field

Forest Road

Loughborough

Leicestershire

LE11 3NS

Bankers

Barclays Bank PLC

Solicitors

Moss Solicitors

Bird, Wilford & Sale

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Donington Court

Pegasus Business Park

Castle Donington

East Midlands

DE74 2UZ

Broadthorpe Limited

Strategic report for the year ended 31 May 2016

The directors present their strategic report for the year ended 31 May 2016.

Principal activities

The principal activity of the companies within the group is that of house building and trading in land. The company is a non-trading holding company.

Business review

Sales of new homes for the year ended 31st May 2016 were in line with expectations at 189 plots (2015: 155 plots). In addition, the average selling price of new homes increased by 9.25% to £265,000 in the year. Turnover from private house sales increased by 41% to £50.1m (2015: £35.5m).

As expected, as a result of the decision to withdraw from contracting and the group's Joint Venture interests in 2015, overall turnover in 2016 reduced, falling by 8%. All contracting projects in progress at the previous year end were completed during the year.

Profit and margin was impacted positively by the decision to withdraw from contracting with profit before tax more than doubling to £7.4m and 11.2% margin (2015: £2.7m, 3.8% margin).

The group also continues to invest in further land in order to expand its house building operations in the medium term.

Results and dividends

The group's profit for the financial year is £5,913,000 (2015: £2,092,000). The results for the year are set out on page 8.

Principal risks and uncertainties

The management of the business and the execution of the group's strategy are subject to a number of risks, managed by the board through monitoring of the market and utilisation of the group's long term land stocks.

The key business risks affecting the group are considered to relate to competition from both national and independent house builders and contractors, the availability of land at an economic price and government regulations.

In the housing market the availability of funds to potential customers may affect turnover.

Key Performance Indicators ("KPIs")

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using any KPIs additional to those in this report is not necessary for an understanding of the development, performance or position of the business.

By order of the board



G Pearson FCA
Company secretary
17th October 2016

Broadthorpe Limited

Directors' report for the year ended 31 May 2016

The directors present their annual report and the audited consolidated financial statements of the company for the year ended 31 May 2016.

Directors

The following were directors of the company during the year and up to the date of signing the financial statements unless otherwise stated:

E Davis	Mrs R Pratt
T Higgins	Ms P Higgins
Mrs J Eddershaw	Mrs G Newcombe
G Higgins	Mrs L Cooke
W Davis	Mrs H Hellman
G Davis	Mrs A Reeves
M Halley (appointed 1 st July 2015)	D Eddershaw (deceased 24 th December 2015)

Dividends

A final dividend of £65 per ordinary share of £1 and 0.9pence per A ordinary share, plus an interim dividend of £71.50 per ordinary share of £1 and 1pence per A ordinary share were paid within the financial year (2015: final dividend of £210 per ordinary share of £1 and 3pence per A ordinary share, plus interim dividend of £85.35 per ordinary share of £1 and 1.2pence per A ordinary share). The aggregate dividends recorded during the financial year amounted to £1,962,747 (2015: £4,246,867).

Future developments

The year to 31st May 2017 has started in line with expectations with the first quarter reporting increased reservations of 71 plots (2015: 50 plots). Average selling price has risen by 6% since 31st May 2016 to £280,600 at the end of the first quarter.

Sales for the forthcoming year to 31st May 2017 are budgeted to increase to circa 250 units as sales from the four major new developments commenced in late 2015 are completed. In addition, a further new development at Broughton Astley has recently commenced which will deliver further growth in sales in the year to 31st May 2017.

The group's land interests and growing pipeline of consented plots which stands at over 4,000 plots, gives the directors' confidence of achieving long term growth and profitability.

Financial risk management

The group's operations expose it to a variety of financial risks that include the effects of price risk, credit risk, liquidity risk and interest rate risk. The group has been maintaining cash balances for liquidity and has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group. Given the size of the group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the group's finance department.

Broadthorpe Limited

Directors' report for the year ended 31 May 2016 (continued)

Financial risk management (continued)

Price risk

The group is exposed to commodity price risk as a result of its operations. However, given the size of the group's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature. The group has indirect exposure to equity securities price risk through the equity investments held by the pension scheme which are managed as part of the longer term nature of the pension liabilities.

Credit risk

The group has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the board.

Interest rate cash flow risk

The group has interest bearing assets. Interest bearing assets include only cash balances, all of which are placed with banks with a strong credit rating. The group has a policy of maintaining debt, when utilised, at fixed rate to ensure certainty of future interest cash flows. The directors will revisit the appropriateness of this policy should the group's operations change in size or nature.

Employee involvement

Regular meetings are held with employees' representatives to discuss group companies' financial positions, market conditions, employment requirements and the day to day operating situation.

Information on matters of concern to employees is given through information bulletins, reports and newsletters. The group is an equal opportunity employer and the aim of its policy is to ensure that no job applicant or employee receives less favourable treatment on the grounds of sex, marital status, physical disability, race, colour, nationality, or ethnic or national origins, or is disadvantaged by conditions or requirements which cannot be shown to be justifiable. Selection criteria and procedures will be frequently reviewed to ensure that individuals are selected, promoted and treated on the basis of their relevant merits and abilities. All employees will be given equal opportunity and, where appropriate, special training, to progress within the organisation. The group is committed to a programme of action to make this policy fully effective.

Employment of disabled persons

Applications for employment by disabled persons are always fully considered taking into account the aptitudes and abilities of the applicant concerned. Where employees become disabled, the group endeavours to continue to employ such people provided there are duties which they can perform bearing in mind the handicap or disability. It is the policy of the group that training, career development and promotion of disabled employees should, as far as possible, be identical to that of other employees.

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the group and parent company financial statements (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 prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

Broadthorpe Limited

Directors' report for the year ended 31 May 2016 (continued)

Directors' responsibilities statement (continued)

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 group and the company and of the profit or loss of the group 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" has been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to auditors

In the case of each of the persons who are directors at the time when the report is approved under section 418 the following applies:

- (a) so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

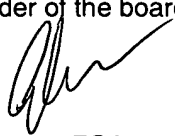
Qualifying third party indemnity provision

The company has provided an indemnity for its directors and the secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

Independent auditors

A resolution to confirm and reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the board



G Pearson FCA
Company secretary
17th October 2016

Broadthorpe Limited

Independent auditors' report to the members of Broadthorpe Limited

Report on the financial statements

Our opinion

In our opinion, Broadthorpe Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 May 2016 and of the group's profit and cash flows 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.

What we have audited

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the consolidated and company balance sheets as at 31 May 2016;
- the consolidated profit and loss account and consolidated statement of comprehensive income for the year then ended;
- the consolidated cash flow statement for the year then ended;
- the consolidated and company statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Broadthorpe Limited

Independent auditors' report to the members of Broadthorpe Limited

Report on the financial statements

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' responsibilities statement set out on pages 4 and 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

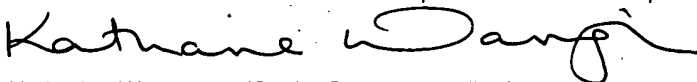
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Katharine Warrington (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands

17 October 2016

Broadthorpe Limited

Consolidated profit and loss account for the year ended 31 May 2016

		2016	2015
	Note	£'000	£'000
Group turnover	4	65,987	71,810
Group operating profit	4	7,211	3,080
Share of joint ventures' operating loss		-	(42)
Total operating profit: group and share of joint ventures		7,211	3,038
Interest receivable and similar income	6	167	161
Loss on sale of Investment in joint venture	11	-	(243)
Write off of Joint Venture Loan on Sale of investment		-	(255)
Profit on ordinary activities before taxation		7,378	2,701
Tax on profit on ordinary activities	7	(1,465)	(609)
Profit for the financial year		5,913	2,092

All results are derived from continuing operations.

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

Consolidated statement of comprehensive income for the year ended 31 May 2016

		2016	2015
	Note	£'000	£'000
Profit for the financial year		5,913	2,092
Other comprehensive income			
Deferred tax on depreciation on revalued property	15	4	4
Deferred tax release on sale of freehold land	15	262	-
Total comprehensive income for the year		6,179	2,096

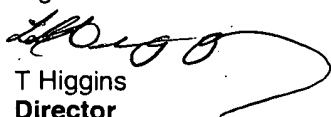
Broadthorpe Limited

Consolidated and company balance sheets as at 31 May 2016

		Group		Company	
		2016	2015	2016	2015
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	9	-	-	-	-
Tangible assets	10	4,078	6,546	-	-
Investment in subsidiary undertaking	11	-	-	3,413	3,413
		4,078	6,546	3,413	3,413
Current assets					
Stocks	12	101,264	81,098	-	-
Debtors	13	5,680	8,532	1	-
Cash at bank and in hand		16,191	22,722	11	2
		123,135	112,352	12	2
Creditors: amounts falling due within one year	14	(17,736)	(13,377)	(5)	(1)
Net current assets		105,399	98,975	7	1
Total assets less current liabilities		109,477	105,521	3,420	3,414
Provisions for liabilities	15	(1,892)	(2,152)	-	-
Net assets		107,585	103,369	3,420	3,414
Capital and reserves					
Called up share capital	18	36	36	36	36
Share premium account		3,262	3,262	3,262	3,262
Other reserves		8,865	8,865	-	-
Profit and loss account		95,422	91,206	122	116
Total equity		107,585	103,369	3,420	3,414

These financial statements on pages 8 to 31 were approved by the board on 17th October 2016.

Signed on behalf of the board of directors by:


T Higgins
Director

Broadthorpe Limited

Registered number: 716577

Broadthorpe Limited

Consolidated Statement of Changes in equity for the year ended 31 May 2016

	Note	Called up share capital £000	Share premium account. £000	Retained earnings £000	Total £000
As at 1 June 2014	25	36	12,127	93,357	105,520
Profit for the financial year		-	-	2,092	2,092
Other comprehensive income for the year		-	-	4	4
Dividends	8	-	-	(4,247)	(4,247)
As at 31 May 2015		36	12,127	91,206	103,369
Profit for the financial year		-	-	5,913	5,913
Other comprehensive income for the year		-	-	266	266
Dividends	8	-	-	(1,963)	(1,963)
As at 31 May 2016		36	12,127	95,422	107,585

Company Statement of Changes in equity for the year ended 31 May 2016

	Note	Called up share capital £000	Share premium account £000	Retained earnings £000	Total £000
As at 1 June 2014		36	3,262	188	3,486
Profit for the financial year	22	-	-	4,175	4,175
Dividends	8	-	-	(4,247)	(4,247)
As at 31 May 2015		36	3,262	116	3,414
Profit for the financial year	22	-	-	1,969	1,969
Dividends	8	-	-	(1,963)	(1,963)
As at 31 May 2016		36	3,262	122	3,420

Broadthorpe Limited

Consolidated cash flow statement for the year ended 31 May 2016

		2016	2015
	Note	£'000	£'000
Net Cash (outflow)/inflow from operating activities	19	(3,452)	239
UK corporation tax paid		(1,002)	(679)
Net cash used in operating activities		(4,454)	(440)
Cash flow from investing activities			
Purchase of tangible fixed assets		(781)	(1,374)
Proceeds from sale of tangible fixed assets		437	363
Interest received		167	161
Net cash used in investing activities		(177)	(850)
Cash flow from financing activities			
Dividends paid	8	(1,963)	(4,247)
Cash advanced from related parties		63	223
Loans repaid to joint venture		-	(995)
Net cash used in financing activities		(1,900)	(5,019)
Net decrease in cash and cash equivalents		(6,531)	(6,309)
Cash and cash equivalents at the beginning of the year		22,722	29,031
Cash and cash equivalents at the end of the year		16,191	22,722

Broadthorpe Limited

Notes to the financial statements for the year ended 31 May 2016

1 Statement of compliance

These financial statements are prepared on the going concern basis, under the historical cost convention (as modified by revaluation of certain fixed assets) and in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS102") and the Companies Act 2006.

2 Accounting policies

These financial statements are prepared on the going concern basis and under the historical cost convention. The principal accounting policies, which have been applied consistently, are set out below.

Details of the transition to FRS102 are disclosed in note 25.

Group financial statements and basis of consolidation

The group financial statements comprise a consolidation of the results and net assets of the company and its subsidiaries for the year ended 31 May 2016. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Intra-group trading and balances including any profit or loss are eliminated on consolidation. Acquisitions are accounted for under the acquisition method. Group reorganizations are accounted for under the merger accounting method.

The company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual profit and loss account.

Turnover

Turnover represents sales of property and services supplied to third parties and to affiliated companies. Turnover is recognised on completion for property or land sales.

No profits are credited to the profit and loss account until the outcome of contracts can reasonably be foreseen at which time estimated profits proportional to the amount of work completed at the year end date are reflected in the financial statements.

Provision is made in full for anticipated future losses on uncompleted contracts and income is deferred where obligations remain in respect of site infrastructure costs.

Exemptions for qualifying entities under FRS102

The company has taken advantage of the exemption to prepare a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the company's cash flows.

Stocks

Stocks excluding long term contract balances, have been valued at the lower of cost and net realisable value. Provisions are made by management to ensure stock values are accurately stated at their net realisable value on resale or for development.

Maintenance guarantees

Provision has been made for the estimated future cost of the company's liability for maintenance in respect of houses sold and any remedial work on contracts.

Broadthorpe Limited

Notes to the financial statements for the year ended 31 May 2016 (continued)

2 Accounting policies (continued)

Repairs to plant

Plant repairs are written off in the year in which the expenditure was incurred.

Options to purchase land

These are only recognised as assets where valuable realisation can be reasonably foreseen.

Intangible fixed assets - goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its estimated useful economic life of 5 years. Provision is made for any impairment. No amortisation is provided in the year of acquisition.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical purchase cost, net of accumulated depreciation and any provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bring the asset to its working condition for its intended use. Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. Impairment reviews are performed by the directors when there has been an indication of potential impairment. The asset lives used are as follows:

Freehold buildings	10-50 years
Plant & machinery	3-5 years
Motor Vehicles	4 years

Freehold land is not depreciated.

Investments

Investments are held at cost less amounts charged for any impairment in value.

Financial Instruments

The group has chosen to adopt Sections 11 and 12 of FRS102 in respect of financial instruments.

(i) Financial assets

Basic financial assets including trade and other receivables, cash and bank balances are initially reported at transaction price unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the assets' original effective interest rate. The impairment loss is recognised in the profit or loss.

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

Other financial assets are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss.

Broadthorpe Limited

Notes to the financial statements for the year ended 31 May 2016 (continued)

2 Accounting policies (continued)

Financial Instruments (continued)

Financial assets are derecognised when a) the contractual right to the cash flows from the assets expire or are settled, or b) subsequently all the risks and rewards of the ownership of the asset are transferred to another party or c) despite having retained some significant risks and rewards of ownership, control of the assets has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of future receipts discounted at a market rate of interest.

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

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the payment is due within one year or less. If not, they are presented as non-current liabilities, trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Taxation

UK corporation tax is provided at amounts, expected to be paid (or recovered) using the tax rates and laws that have been enacted in respect of the financial year.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Pension costs

The group operates a defined benefit pension scheme and three money purchase pension schemes.

The defined benefit pension scheme fund is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. A resulting pension scheme deficit is fully recognised and a surplus recognised to the extent it is realisable by the group on the balance sheet net of deferred taxation and any resulting actuarial gains and losses are recognised immediately in the statement of recognised gains and losses.

Contributions to the money purchase pension schemes are charged to profit and loss account as they become payable in accordance with rules of the schemes.

Broadthorpe Limited

Notes to the financial statements for the year ended 31 May 2016 (continued)

2 Accounting policies (continued)

Dividends

Dividends are recognised when paid.

Related party transactions

The group discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the group's financial statements.

3 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the entity's accounting policies

Exemptions of transition to FRS102

The company has elected to use the previous UK GAAP valuation of certain items of land and buildings as the deemed cost on transition to FRS102. The items are being depreciated from the date of transition in accordance with the company's accounting policies.

(b) Critical accounting estimates and assumptions

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. These are assessed annually. They are amended when necessary to reflect current estimates, future investments and the physical condition of the assets. See note 10 for the carrying amount of tangible assets and note 2 for the useful lives of each class of assets.

Land

The company acquires land for property development in the normal course of business. All land has been reviewed by the directors to assess whether future development of that land supports its carrying value in the balance sheet. Where this is not the case, appropriate impairments are made.

Maintenance provisions

The company has a liability to carry out maintenance work on properties sold for a period of two year after the sale. The company estimates the provision required for such repairs to each property at its year end based on its recent experience of repairs carried out and the nature of such repairs.

Defined benefit pension scheme

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend upon a number of factors, including; life expectancy, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 17 for the disclosures relating to the defined benefit scheme.

Broadthorpe Limited

Notes to the financial statements for the year ended 31 May 2016 (continued)

4 Operating profit

Analysis of operating profit:

	2016	2015
	£'000	£'000
Turnover	65,987	71,810
Less:		
Change in work in progress	18,310	3,436
Raw materials and consumables	(22,706)	(21,950)
Other external charges	(30,084)	(25,748)
Staff costs:		
Wages and salaries	(18,760)	(18,425)
Social security costs	(1,957)	(2,002)
Other pension costs	(1,411)	(1,257)
Depreciation (note 10)	(1,125)	(1,105)
Other operating charges	(1,124)	(1,808)
	(58,857)	(68,859)
	7,130	2,951
Rent receivable (net of outgoings)	81	129
Operating profit	7,211	3,080

Operating profit is arrived at after charging/ (crediting):

	2016	2015
	£'000	£'000
Auditors' remuneration		
- for the audit of the parent company and consolidated financial statements	3	1
- for the audit of the company's subsidiaries pursuant to legislation	56	46
- for taxation compliance services	13	12
- in respect of the group pension scheme audit	5	5
Hire of plant and machinery	774	831
Profit on sale of tangible fixed assets	(297)	(289)

Turnover and results all arise in the United Kingdom from the principal activities of the group. The directors believe that it would be seriously prejudicial to the interests of the group to separately disclose a split of turnover.

Broadthorpe Limited

Notes to the financial statements for the year ended 31 May 2016 (continued)

5 Directors and employees

Directors

	2016	2015
	£'000	£'000
Directors' aggregate emoluments	2,109	1,680
Highest paid director's emoluments	856	1,098

	2016 Number	2015 Number
Number of directors who are members of defined benefit or contribution pension schemes	1	1

The amount of the accrued pension of the highest paid director at 31 May 2016 is £nil (2015: £nil).

Employees

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

	2016 Number	2015 Number
Administration	69	80
Production & Sales	356	381
	425	461

Key Management compensation

Key management compensation includes the directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	2016	2015
	£'000	£'000
Salaries and other short term benefits	2,845	2,639
Post – employment benefits	217	133
	3,062	2,772

Broadthorpe Limited

Notes to the financial statements for the year ended 31 May 2016 (continued)

6 Interest receivable and similar income

	2016	2015
	£'000	£'000
Bank interest	167	161

7 Tax on profit on ordinary activities

(a) Tax expense included in the profit and loss

	2016	2015
	£'000	£'000
Current taxation		
UK corporation tax on profit for the year	1,565	582
Share of joint venture taxation	-	16
Adjustments in respect of prior years	(21)	(107)
Total current taxation	1,544	491
Deferred taxation		
Timing differences, origination and reversal	(79)	14
Adjustments in respect of prior years	-	104
Total deferred taxation (note 15)	(79)	118
Tax on profit on ordinary activities	1,465	609

b) Tax expense/ (income) included in other comprehensive income

Deferred taxation		
Deferred tax on depreciation on revalued property	4	4
Deferred tax release on sale of freehold land	262	-
Total Tax expense included in other comprehensive income	266	4

Broadthorpe Limited

Notes to the financial statements for the year ended 31 May 2016 (continued)

7 Tax on profit on ordinary activities (continued)

c) Reconciliation of tax charge

The standard rate of tax for the year was based on the UK effective rate of corporation tax of 20% (2015: 20.83%). The tax assessed for the current year is lower (2015: higher) than the standard rate for the reasons set out in the following reconciliation:

	2016 £'000	2015 £'000
Profit on ordinary activities before taxation	7,378	2,701
Tax on profit on ordinary activities at the standard rate of 20% (2015: 20.83%)	1,475	562
Effects of:		
Loss on sale of Investment in Joint Venture	-	49
Losses brought forward utilised	-	(8)
Disallowable expenses	5	9
Other timing differences	6	-
Prior Year adjustment	(21)	(3)
Tax charge for the year	1,465	609

d) Tax rate changes

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015.

As the change to 17% had not been substantively enacted at the balance sheet date its effects are not included in these financial statements. The overall effect of that change, if it had applied to the deferred tax balance at the balance sheet date, would be to reduce the deferred tax liability by £78,000 and reduce the tax expense for the period by £78,000.

8 Dividends

	2016 £'000	2015 £'000
Final paid £65 per ordinary share (2015: £210 per ordinary share)	935	3,019
Final paid 0.9 pence per A ordinary share (2015: 3 pence per A ordinary share)	-	1
Interim paid £71.50 per ordinary share (2015: £85.35 per ordinary share)	1,028	1,227
	1,963	4,247

Broadthorpe Limited

Notes to the financial statements for the year ended 31 May 2016 (continued)

9 Intangible assets

The group

	2016	2015
	£'000	£'000
Goodwill		
Net book value		
At 1 June 2015 and at 31 May 2016	-	-

Goodwill comprises cost of £2,324,000 and accumulated amortisation of £2,324,000.

The company

The company does not have any intangible assets.

10 Tangible assets

The group

	Freehold land and buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 June 2015	4,704	6,008	2,656	13,368
Additions	-	356	425	781
Disposals	-	(972)	(842)	(1,814)
Transfer to development stock	(1,985)	-	-	(1,985)
At 31 May 2016	2,719	5,392	2,239	10,350
Accumulated depreciation				
At 1 June 2015	608	4,605	1,609	6,822
Charge for the year	30	675	420	1,125
Disposals	-	(970)	(705)	(1,675)
At 31 May 2016	638	4,310	1,324	6,272
Net book value				
At 31 May 2016	2,081	1,082	915	4,078
At 31 May 2015	4,096	1,403	1,047	6,546

Broadthorpe Limited

Notes to the financial statements for the year ended 31 May 2016 (continued)

10 Tangible assets (continued)

The cost of land included in freehold land and buildings is £676,000 (2015: £1,034,000).

During the year land at Beacon Road Loughborough, which was previously held in fixed assets, was sold by Davis (Forest Field) Limited to William Davis Ltd who transferred the land to development stock and have since commenced development of that site.

The group applied the transitional arrangements of section 35 of FRS102 and used the previous valuation as the deemed cost for freehold properties. The properties are being depreciated from the valuation date. As the assets are depreciated or sold an appropriate transfer is made from the revaluation reserve to retained earnings.

The company

The company does not have any tangible assets.

11 Investments

	Group Interest in joint ventures		Company Shares in subsidiary companies	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
At 1 June 2015	-	269	3,413	3,413
Share of joint venture loss net of tax	-	(26)	-	-
Loss on sale of Investment in Joint Venture	-	(243)	-	-
At 31 May 2016	-	-	3,413	3,413

The directors believe that the carrying value of the investments is supported by their underlying net assets.

The subsidiary companies and proportions of ordinary shares held are:

	Percentage of ordinary share capital held	Principal activity
Holdings of the parent company		
William Davis Limited	100	Building/contracting
Davis (Forest Field) Limited	100	Management company
Holdings of William Davis Limited		
Davis Westbridge Limited	100	Dormant

All subsidiary companies and joint ventures are incorporated in Great Britain and registered in England and Wales.

Broadthorpe Limited

Notes to the financial statements for the year ended 31 May 2016 (continued)

12 Stocks

The group

	2016	2015
	£'000	£'000
Raw materials and consumables	841	1,130
Land held for development	48,434	46,289
Work in progress:		
Net cost less foreseeable losses	51,854	33,544
Finished goods and goods for resale	135	135
	101,264	81,098

There is no significant difference between the replacement cost of stock and its carrying value.

Land stocks are stated after provision for impairment of £1,771,000 (2015: £3,132,000).

The company

The company does not hold any stock at 31st May 2016 or at 31st May 2015.

13 Debtors

The group

	2016	2015
	£'000	£'000
Amounts falling due within one year		
Trade debtors	1,867	4,352
Amounts owed by related parties	3	4
Equity share debtors (note 25)	2,491	2,941
Other debtors	971	904
Prepayments and accrued income	348	331
	5,680	8,532

The company

	2016	2015
	£'000	£'000
Taxation recoverable	1	-

The equity share debtors of £2,491,000 all fall due after more than one year.

Broadthorpe Limited

Notes to the financial statements for the year ended 31 May 2016 (continued)

14 Creditors: amounts falling due within one year

The group

	2016	2015
	£'000	£'000
Payments received on account	378	159
Trade creditors	7,654	5,627
Amount owed to related parties	72	9
Other taxation and social security	1,111	736
Corporation tax	858	316
Accruals and deferred income	7,663	6,530
	17,736	13,377

The company

	2016	2015
	£'000	£'000
Accruals and deferred income	5	1

15 Provisions for liabilities

The group

Maintenance Guarantee

	£'000
At 1 June 2015	1,287
Utilised in the year	(457)
Charge for the year	542
At 31 May 2016	1,372

The provision for maintenance guarantees relates to the estimated cost of remedial work which will become due within the next two years on private housing and contracts.

Broadthorpe Limited

Notes to the financial statements for the year ended 31 May 2016 (continued)

15 Provisions for liabilities

Deferred taxation

The movements in deferred taxation as calculated on the liability method at 20% (2015: 20%) and are set out below:

	2016	2015
	£'000	£'000
At 1 June 2015	865	751
Profit and loss credit /(charge) for the year (note 7a)	(79)	118
Transfer to reserves	(266)	(4)
At 31 May 2016	520	865

The amounts of deferred taxation provided in the financial statements are as follows

	2016	2015
	£'000	£'000
Depreciation in excess of capital allowances	(26)	(197)
Other timing differences	546	1,062
	520	865

Freehold land and buildings were fair valued on acquisition of Davis (Forest Field) Limited in a prior year. A taxation liability would arise on the sale of the freehold land and buildings if sold at its revalued amount. Deferred tax has been provided in full on the undepreciated amount in accordance with FRS102.

There are no unprovided amounts in relation to deferred taxation.

The company does not have any provisions.

Broadthorpe Limited

Notes to the financial statements for the year ended 31 May 2016 (continued)

16 Financial Instruments

The group

The group has the following financial instruments:

	Note	2016 £'000	2015 £'000
Financial assets at fair value through profit or loss			
- Equity share debtors	13	2,491	2,941
		2,491	2,941
Financial assets that are debt instruments measured at amortised cost			
- Trade receivables	13	1,867	4,352
- Other receivables	13	974	908
		2,841	5,260
Financial liabilities measured at amortised cost			
- Trade creditors	14	(7,654)	(5,627)
- Accruals	14	(7,663)	(6,530)
- Amount owed to related parties	14	(72)	(9)
- Payments on account	14	(378)	(159)
		(15,767)	(12,325)

The company

The company has the following financial instruments:

	Note	2016 £'000	2015 £'000
Financial assets that are debt instruments measured at amortised cost			
- Other receivables	13	1	-
		1	-
Financial liabilities measured at amortised cost			
- Accruals	14	(5)	(1)
		(5)	(1)

17 Post-employment benefits

The group

Money purchase pension schemes

The group makes payments to three money purchase pension schemes, the assets of which are held separately in independently administered funds. The employer contributions in the year were £856,951 (2015: £742,285).

Pension and life assurance scheme

The group sponsors the Davis (Forest Field) Limited Pension and Life Assurance Scheme, which is a defined benefit arrangement. The last full actuarial valuation of this scheme was carried out by a qualified independent actuary as at 1 September 2014. This disclosure note is based on membership information current as at 31 May 2016.

Broadthorpe Limited

Notes to the financial statements for the year ended 31 May 2016 (continued)

17 Post-employment benefits (continued)

A full actuarial valuation was carried out on 1 September 2014 which reported a funding level of 113%. The actuarial method used is a projected unit method. The principal actuarial assumptions are pre-retirement valuation rate of interest of 5.1% per annum; post retirement valuation rate of interest of 3.45% per annum, increases in pensionable salaries is no longer applicable due to scheme closure and an increase of 2.45% per annum for inflation.

The employer contributions to the scheme over the financial year ended 31 May 2016 have been £nil (2015: £nil). The scheme closed in respect of future benefit accrual at 31 August 2010.

The assets of the scheme have been taken at market value and the liabilities have been calculated using the following principal actuarial assumptions:

	2016	2015
	%	%
Inflation rate	3.0	3.3
Discount rate	3.1	3.3
Pension in payment increases	2.9	3.2

The mortality assumptions used were as follows:

	2016	2015
	years	years
Life expectancy - currently aged 65		
- men	22.2	22.4
- women	24.2	24.5
Life expectancy future pensioner - currently aged 45		
- men	23.9	24.1
- women	26.1	26.4

The fair value of the plan assets in the scheme was:

	2016	2015
	£'000	£'000
Equities	3,501	19,926
Bonds	1,590	1,781
Gilts	5,572	2,476
Property	3,144	3,026
Other	266	584
Cash	1,025	1,254
Hedge fund (Standard Life GARS)	10,845	-
Annuities	956	993
Total market value of scheme assets	26,899	30,040

Broadthorpe Limited

Notes to the financial statements for the year ended 31 May 2016 (continued)

17 Post-employment benefits (continued)

The plan assets do not include any of the group's financial investments nor are any properties occupied by any group entity.

During the year the Trustees changed the investment strategy to reduce the exposure to risk by investing in liability-matching investments. This resulted in reducing the holding of equities and replacing them with Gilts and the Standard Life GARS hedge fund.

Reconciliation of Scheme's assets and defined benefit obligation

	Assets £'000	Defined benefit obligation £'000	Net position £'000
At 1 June 2015	30,040	(26,264)	3,776
Benefits paid	(1,246)	1,246	-
Interest income/(cost)	846	(846)	-
Actuarial gains	-	479	479
Return on assets excluding interest income	(2,741)	-	(2,741)
As at 31 May 2016	26,899	(25,385)	1,514

The surplus is not recognised as, following, cessation of benefit accrual, it is neither realisable by repayment nor by a reduction in future service contributions.

Analysis of the amount charged to Profit and loss

There is no current service cost. The pensions of active members are now subject to index linking and not to any further salary increases.

Analysis of the amount recognised in other comprehensive income

	2016 £'000	2015 £'000
Actuarial gains/(losses) on defined benefit obligation	479	(3,856)
Actual result on assets less interest	(2,741)	2,211
Limit on recognition of assets less interest	2,262	1,645
Amount recognised in Other comprehensive income	-	-

The return on the plan assets was:

	2016 £'000	2015 £'000
Interest income	846	904
Return on assets excluding interest income	(2,741)	2,211
Net return	(1,895)	3,115

The company

The company had no post – employment benefits at 31 May 2016 (2015: nil).

Broadthorpe Limited

Notes to the financial statements for the year ended 31 May 2016 (continued)

18 Called up share capital

	2016	2015
	£	£
Allotted and fully paid		
14,376 (2015: 14,376) ordinary shares of £1 each	14,376	14,376
21,564 (2015: 21,564) A ordinary shares of £1 each	21,564	21,564

19 Notes to the cash flow statement

	2016	2015
	£'000	£'000
Group Profit for the financial year	5,913	2,092
Adjustments for:		
Tax on profit on ordinary activities	1,465	609
Share of joint ventures' operating loss	-	42
Loss on disposal of joint venture interest	-	498
Net interest received	(167)	(161)
Group Operating profit (note 4)	7,211	3,080
Depreciation charges	1,125	1,105
Profit on disposal of tangible fixed assets	(297)	(289)
Increase in stock	(18,181)	(644)
Decrease in debtors	2,851	24
Increase/(decrease) in creditors	3,839	(3,037)
Net cash (outflow) /inflow from operating activities	(3,452)	239

Analysis of changes in net funds

	As at 1 June 2015	Cash flow	As at 31 May 2016
	£'000	£'000	£'000
Cash at bank and in hand	22,722	(6,531)	16,191

Broadthorpe Limited

Notes to the financial statements for the year ended 31 May 2016 (continued)

20 Capital commitments

The group and company

At 31 May 2016 and 31 May 2015, there were no capital or other commitments.

The group and company had no other off-balance sheet arrangements.

21 Contingent liabilities and guarantees

A subsidiary company has entered into Performance Bonds in the normal course of its business. It has also entered into certain option agreements and conditional contracts to purchase land which, if exercised, will result in the acquisition of assets which the Directors consider will have a value at least equal to cost.

The company is party to a banking arrangement with a number of group and related companies. The maximum contingent liability under this guarantee was £nil (2015: £nil).

22 Profit of parent company

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit after tax for the financial year amounted to £1,969,000 (2015: £4,175,000) before dividend payments of £1,963,000 (2015: £4,247,000).

23 Related party transactions

See note 5 for disclosure of the directors' remuneration and key management compensation.

During the year and prior year, the following transactions occurred between the group and companies related to it by virtue of common ownership and directors. All such transactions have been undertaken in the normal course of business and constitute arms-length transactions:

	2016 Sold to £'000	2016 Purchased from £'000	2016 Debtor £'000	2016 Creditor £'000
William Davis & Co (Loughborough) Limited	23	72	3	-
William Davis Settlement Trust	-	-	-	72
	2015 Sold to £'000	2015 Purchased from £'000	2015 Debtor £'000	2015 Creditor £'000
William Davis & Co (Loughborough) Limited	18	70	-	9
William Davis Settlement Trust	-	-	4	-

Broadthorpe Limited

Notes to the financial statements for the year ended 31 May 2016 (continued)

24 Ultimate controlling party

The ultimate controlling party is William Davis Settlement Trust.

25 Transition to FRS 102

This is the first year that the group has presented its results under FRS102. The last financial statements under the UK GAAP were for the year ended 31 May 2015. The date of transition was 1 June 2014. Set out below are the changes in accounting policies which reconcile profit for the financial year ended 31 May 2015 and the total equity as at 1 June 2014 and 31 May 2015 between UK GAAP as previously reported and FRS102.

Profit for the financial year	Ref	2015 £000
UK GAAP - As previously reported		2,378
Financial instruments	A	(363)
Deferred tax on Financial instruments	F	73
Holiday pay accrual	B	5
Deferred tax on Holiday pay accrual	D	(1)
FRS102		2,092

Other comprehensive income	2015 £000
UK GAAP - As previously reported	0
Deferred tax on depreciation on revalued property	4
FRS102	4

Total Equity	Ref	1 June 2014 £000's	31 May 2015 £000's
UK GAAP - As previously reported		103,707	101,838
Financial Instruments revalued to Fair value	A	3,030	2,667
Deferred tax on Financial Instruments	F	(606)	(533)
Deferred tax on Revaluation reserve	E	(551)	(547)
Holiday pay accrual	B	(75)	(70)
Deferred tax on Holiday pay accrual	D	15	14
FRS102		105,520	103,369

Broadthorpe Limited

Notes to the financial statements for the year ended 31 May 2016 (continued)

25 Transition to FRS 102 (continued)

A Derivative financial instruments

FRS 102 requires derivative financial instruments to be recognised at fair value. Previously under UK GAAP the group carried these instruments at written down value. Accordingly at transition a gain of £3,030,000 was recognised and a loss of £363,000 was recognised in the profit and loss account for the year ended 31 May 2015. A gain of £2,667,000 was recognised at 31 May 2015.

B Holiday pay accrual

FRS102 requires short term employee benefits to be charged to the profit and loss account as the employee service is received. This has resulted in the group recognising a liability for holiday pay of £75,000 on transition to FRS102. Previously holiday pay accruals were not recognised and were charged to the profit and loss account as they were paid. In the year to 31 May 2016 a credit of £5,000 was made to the profit and loss account and the liability at 31 May 2016 was £70,000.

C Revaluation of tangible assets

Under previous UK GAAP the group had a policy of revaluing land and buildings. On transition to FRS102 the group has elected to use the previous revaluation of land and buildings at 31 May 2015 as deemed cost for that assets. There is no effect on the balance sheet on transition

Deferred taxation

The group has accounted for deferred tax on transition as follows:

D Holiday pay accrual – Deferred tax of £15,000 has been recognised at 20% on the liability recognised on transition at 1 June 2014. In the year ended 31 May 2015 the group has recognised a charge of £1,000 in the profit and loss account in respect of the reduction of the holiday pay accrual.

E Revaluation of land and buildings – Under previous UK GAAP the group was not required to provide for taxation on revaluations, unless the company had entered into a binding sale agreement and recognised the gain or loss expected to arise. Under FRS102 deferred tax is provided on the temporary difference arising from the revaluation. A deferred tax charge of £551,000 arose on the transition to FRS 102. In the year ended 31 May 2015 there is a tax credit arising of £4,000 in other comprehensive income company on the reversal of the revaluation in the year.

F Derivative financial instruments – Deferred tax of £606,000 has been recognised on the gain recognised on transition at 1 June 2014. In the year ended 31 May 2015 the group has recognised a credit to profit and loss of £73,000 in respect of the reduction in the fair value of derivatives recognised in the profit and loss account.