

Broadthorpe Limited

Annual report and financial statements
for the year ended 31 May 2019

Registered number: 716577



Broadthorpe Limited

Annual report and financial statements for the year ended 31 May 2019

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Broadthorpe Limited

Directors and advisors

Directors

E Davis MCIOB
T Higgins OBE FCIS Hon D.Tech
G Higgins BA Hons Solicitor
M Halley FCA
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
One Snowhill,
Snow Hill Queensway,
Birmingham, B3 2WN

Solicitors

Moss Solicitors
80-81 Woodgate
Loughborough LE11 2XE

Bird, Wilford & Sale
20 Churchgate
Loughborough LE11 1UD

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 2019

The directors present their strategic report for the year ended 31 May 2019.

Principal activities

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

Business review

The group enjoyed a very positive year. It has retained its HBF 5 Star status for the fourth year in a row at the same time as delivering considerable growth.

Turnover and profit both increased as a result of sales growth with legal completions up by 40.2% to 356 (2018: 254), in addition to which the group sold 81 affordable homes (2018: 97). Profit before tax increased to £18,892,000 (2018: £14,395,000) with margin unchanged at 15.9%.

The average selling price of private house sales fell slightly to £298,300 (2018: £299,500) due to house sales mix.

During the year the group recruited a record 15 apprentices across a range of trades and, with a focus on continual improvement, further invested in both its people and new systems. The total number of apprentices at 31 May 2019 was 39.

Results and dividends

The group's profit for the financial year was £15,095,000 (2018: £11,510,000). The results for the year are set out on page 8. Net assets were £133,407,000 compared to £122,545,000 at 31 May 2018 and the group paid dividends during the financial year amounting to £4,236,802 (2018: £5,625,000).

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
22 October 2019

Broadthorpe Limited

Directors' report for the year ended 31 May 2019

The directors present their annual report and the audited consolidated financial statements of the company for the year ended 31 May 2019.

Directors

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

E Davis MCIOB	Mrs. R Pratt
T Higgins OBE FCIS Hon D.Tech	Ms. P Higgins
Mrs. J Eddershaw	Mrs. G Newcombe
G Higgins BA Hons Solicitor	Mrs. L Cooke
W Davis	Mrs. H Hellman
G Davis	Mrs. A Reeves
M Halley FCA	

Dividends

The aggregate dividends recorded during the financial year amounted to £4,236,802 (2018: £5,625,000). Details of dividends paid are shown in note 8 to the financial statements. Subsequent to the year end, in June 2019, the company paid dividends totalling £2,775,166. The dividends have not been accounted for within the current year financial statements as they were not approved at the year end. Prior to the dividends being paid, the company received dividends totalling £2,772,000 from William Davis Limited.

Future developments

The group has started 2020 on a very positive note with an increase in reservations of 17% in the first quarter to August 2019 compared to the previous year. In addition, the group has recently commenced three new developments which will deliver sales towards the end of the financial year ending 31 May 2020 and will provide the platform for growth beyond 2020.

However, the Directors are conscious of increasing headwinds facing the housebuilding sector with increased competition and in particular the considerable uncertainty created by Brexit. The Directors have taken necessary steps where appropriate, together with its supply chain, to anticipate any Brexit impact.

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 2019 (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.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 group and company and of the profit or loss of the group and company for that period.

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Directors' report for the year ended 31 May 2019 (continued)

Statement of directors' responsibilities (continued)

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group and company's auditors are unaware; and
- they have 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 group and 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. This was held during the year and currently continues to be held.

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
22 October 2019

Broadthorpe Limited

Independent auditors' report to the members of Broadthorpe Limited

Report on the audit of the financial statements

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 2019 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 (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statement (the "Annual Report"), which comprise: the consolidated and company balance sheets as at 31 May 2019; the consolidated profit and loss account and consolidated statement of comprehensive income, the consolidated cash flow statement, and the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Broadthorpe Limited

Independent auditors' report to the members of Broadthorpe Limited (continued)

Reporting on other information (continued)

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 May 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and 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 group or 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of this report

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.

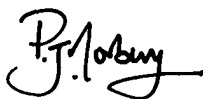
Other required reporting

Companies Act 2006 exception reporting

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
- certain disclosures of directors' remuneration specified by law are not made; 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.



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

29 October 2019

Broadthorpe Limited
Consolidated profit and loss account
for the year ended 31 May 2019

		2019	2018
	Note	£'000	£'000
Turnover	4	119,320	90,848
Operating profit	4	18,960	14,456
Net interest payable	6	(68)	(61)
Profit before taxation		18,892	14,395
Tax on profit	7	(3,797)	(2,885)
Profit for the financial year		15,095	11,510

All results are derived from continuing operations.

There is no material difference between the profit 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 2019

		2019	2018
	Note	£'000	£'000
Profit for the financial year		15,095	11,510
Other comprehensive income			
Deferred tax on depreciation on revalued property	16	4	4
Total comprehensive income for the year		15,099	11,514

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Consolidated and company balance sheets as at 31 May 2019

		Group		Company	
	Note	2019	2018	2019	2018
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	9	-	-	-	-
Tangible assets	10	3,634	2,833	-	-
Investments	11	-	-	3,413	3,413
		3,634	2,833	3,413	3,413
Current assets					
Stocks	12	149,838	129,108	-	-
Debtors (including £1,227,000 (2018: £3,339,000) due after one year).	13	7,366	11,627	-	-
Cash at bank and in hand		7,780	17,652	8	9
		164,984	158,387	8	9
Creditors: amounts falling due within one year	14	(30,960)	(35,529)	-	(2)
Net current assets		134,024	122,858	8	7
Total assets less current liabilities		137,658	125,691	3,421	3,420
Creditors: amounts falling after more than one year	15	-	(1,000)	-	-
Provisions for liabilities	16	(4,251)	(2,146)	-	-
Net assets		133,407	122,545	3,421	3,420
Capital and reserves					
Called up share capital	19	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		121,244	110,382	123	122
Total equity		133,407	122,545	3,421	3,420

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 for the financial year amounted to £4,238,179 (2018: £5,610,679) before dividend payments of £4,236,802 (2018: £5,625,000).

These financial statements on pages 8 to 29 were approved by the board on 22 October 2019.

Signed on behalf of the board of directors by:


T Higgins
Director

Broadthorpe Limited

Consolidated Statement of Changes in equity for the year ended 31 May 2019

		Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	Note	£000	£000	£000	£000	£000
As at 1 June 2017		36	3,262	8,865	104,493	116,656
Profit for the financial year		-	-	-	11,510	11,510
Other comprehensive income for the year		-	-	-	4	4
Total comprehensive income for the year		-	-	-	11,514	11,514
Dividends	8	-	-	-	(5,625)	(5,625)
As at 31 May 2018		36	3,262	8,865	110,382	122,545
Profit for the financial year		-	-	-	15,095	15,095
Other comprehensive income for the year		-	-	-	4	4
Total comprehensive income for the year		-	-	-	15,099	15,099
Dividends	8	-	-	-	(4,237)	(4,237)
As at 31 May 2019		36	3,262	8,865	121,244	133,407

Company Statement of Changes in equity for the year ended 31 May 2019

		Called up share capital	Share premium account	Profit and loss account	Total equity
	Note	£000	£000	£000	£000
As at 1 June 2017		36	3,262	136	3,434
Profit for the financial year		-	-	5,611	5,611
Dividends	8	-	-	(5,625)	(5,625)
As at 31 May 2018		36	3,262	122	3,420
Profit for the financial year		-	-	4,238	4,238
Dividends	8	-	-	(4,237)	(4,237)
As at 31 May 2019		36	3,262	123	3,421

Broadthorpe Limited

Consolidated cash flow statement for the year ended 31 May 2019

		2019	2018
	Note	£'000	£'000
Net cash outflow from operating activities	20	(363)	(7,987)
UK corporation tax paid		(3,325)	(3,182)
Net cash used in operating activities		(3,688)	(11,169)
Cash flow from investing activities			
Purchase of tangible fixed assets		(1,511)	(727)
Proceeds from sale of tangible fixed assets		154	280
Interest received	6	104	109
Loans (to)/from joint venture		(53)	3
Net cash used in investing activities		(1,306)	(335)
Cash flow from financing activities			
Interest paid	6	(172)	(170)
Dividends paid	8	(4,237)	(5,625)
Cash (paid to) /advanced from related parties		(469)	274
Net cash used in financing activities		(4,878)	(5,521)
Net decrease in cash and cash equivalents		(9,872)	(17,025)
Cash and cash equivalents at the beginning of the year		17,652	34,677
Cash and cash equivalents at the end of the year		7,780	17,652

Broadthorpe Limited

Notes to the financial statements for the year ended 31 May 2019

1 Statement of compliance

The company is a private limited company limited by shares and is incorporated and domiciled in England, United Kingdom. The address of its registered office is Forest Field, Forest Road, Loughborough LE11 3NS.

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. The principal accounting policies, which have been applied consistently, are set out below.

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 2019. 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 land to third parties and to affiliated companies. Turnover is recognised on legal completion for property or land sales.

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

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.

Broadthorpe Limited

Notes to the financial statements

for the year ended 31 May 2019 (continued)

2 Accounting policies (continued)

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 2019 (continued)

2 Accounting policies (continued)

Financial Instruments (continued)

(i) Financial assets (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 2019 (continued)

2 Accounting policies (continued)

Distributions to equity holders

Dividends and other distributions to the Group's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

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 group 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 group 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 value in the balance sheet. Where this is not the case, appropriate impairments are made.

Maintenance provisions

The group has a liability to carry out remedial work on private houses sold for a period of two years 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. The group also makes provisions for the estimated cost of specific remedial work identified on completed contracts.

Defined benefit pension scheme

The group 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 18 for the disclosures relating to the defined benefit scheme.

Broadthorpe Limited

Notes to the financial statements for the year ended 31 May 2019 (continued)

4 Operating profit

Analysis of operating profit:

	2019	2018
	£'000	£'000
Turnover	119,320	90,848
Less:		
Change in work in progress	23,597	19,872
Raw materials and consumables	(30,217)	(22,387)
Other external charges	(63,882)	(50,075)
Staff costs:		
Wages and salaries	(21,936)	(17,884)
Social security costs	(2,515)	(2,078)
Other pension costs	(1,285)	(1,331)
Depreciation (note 10)	(655)	(665)
Other operating charges	(3,537)	(1,910)
	(100,430)	(76,458)
	18,890	14,390
Rent receivable (net of outgoings)	70	66
Operating profit	18,960	14,456

The company has no staff costs (2018: nil)

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

	2019	2018
	£'000	£'000
Auditors' remuneration		
- for the audit of the parent company and consolidated financial statements	1	1
- for the audit of the company's subsidiaries pursuant to legislation	81	52
- for taxation compliance services	15	10
Hire of plant and machinery	647	596
Profit on sale of tangible fixed assets	(99)	(207)

Turnover and results all arise in the United Kingdom from the principal activity of the group.

Broadthorpe Limited

Notes to the financial statements for the year ended 31 May 2019 (continued)

5 Directors and employees

Directors

	2019	2018
	£'000	£'000
Directors' aggregate emoluments	1,577	1,204
Highest paid director's emoluments	1,219	864
	2019 Number	2018 Number
Number of directors who are members of defined benefit or contribution pension schemes	Nil	Nil

The amount of the accrued pension of the highest paid director at 31 May 2019 is £nil (2018: £nil).

Employees

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

	2019 Number	2018 Number
Management & administration	75	70
Production & sales	375	311
	450	381

The company has no employees (2018: nil).

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:

	2019	2018
	£'000	£'000
Salaries and other short term benefits	3,077	2,211
Post – employment benefits	102	94
	3,179	2,305

Broadthorpe Limited

Notes to the financial statements for the year ended 31 May 2019 (continued)

6 Net Interest (payable)/receivable and similar income

	2019	2018
	£'000	£'000
Bank interest payable and similar charges	(172)	(170)
Bank interest received and similar income	104	109
Net interest payable	(68)	(61)

7 Tax on profit

(a) Tax expense included in the consolidated profit and loss account

	2019	2018
	£'000	£'000
Current taxation		
UK corporation tax on profit for the year	3,652	2,915
Adjustments in respect of prior years	(123)	110
Total current taxation	3,529	3,025
Deferred taxation		
Origination and reversal of timing differences	147	(155)
Adjustments in respect of prior years	121	15
Total deferred taxation (note 16)	268	(140)
Tax on profit	3,797	2,885

	2019	2018
	£'000	£'000
b) Tax credit included in other comprehensive income		

Deferred taxation

Deferred tax on depreciation on revalued property	4	4
Total Tax credit included in other comprehensive income	4	4

Broadthorpe Limited

Notes to the financial statements for the year ended 31 May 2019 (continued)

7 Tax on profit (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 19.0% (2018: 19.0%). The tax assessed for the current year is higher (2018: higher) than the standard rate for the reasons set out in the following reconciliation:

	2019 £'000	2018 £'000
Profit before taxation	18,892	14,395
Tax on profit before taxation at the standard rate of 19.0% (2018: 19.0%)	3,590	2,735
Effects of:		
Disallowable expenses	217	16
Other timing differences	(8)	9
Adjustments in respect of prior years	(2)	125
Tax charge for the year	3,797	2,885

d) Tax rate changes

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 17.0% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

8 Dividends

	2019 £'000	2018 £'000
Final paid October 2018 £86.5 per ordinary share (2017: £78.65 per ordinary share)	1,244	1,131
Final paid October 2018 1.24 pence per A ordinary share (2017: 1.13 pence per A ordinary share)	-	-
Interim paid June 2018 £113 per ordinary share (2017: £226 per ordinary share)	1,624	3,249
Interim paid June 2018 1.62 pence per A ordinary share (2017: 3.25 pence per A ordinary share)	1	1
Interim paid April 2019 £95.15 per ordinary share (2018: £86.5 per ordinary share)	1,368	1,244
Interim paid April 2019 1.37 pence per A ordinary share (2018: 1.24 pence per A ordinary share)	-	-
	4,237	5,625

Subsequent to the year end the following dividends were paid in June 2019, £193 per ordinary share and 2.78 pence per A ordinary share totalling £2,775,166 (2018: £2,868,631).

Broadthorpe Limited

Notes to the financial statements for the year ended 31 May 2019 (continued)

9 Intangible assets

The group

	2019	2018
	£'000	£'000
Goodwill		
Net book value		
At 1 June 2018 and at 31 May 2019	-	-

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

The company

The company does not have any intangible assets (2018: £nil).

10 Tangible assets

The group

	Freehold land and buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 June 2018	2,269	5,094	1,373	8,736
Additions	415	890	206	1,511
Disposals	-	(377)	(342)	(719)
At 31 May 2019	2,684	5,607	1,237	9,528
Accumulated depreciation				
At 1 June 2018	656	4,233	1,014	5,903
Charge for the year	28	461	166	655
Disposals	-	(377)	(287)	(664)
At 31 May 2019	684	4,317	893	5,894
Net book value				
At 31 May 2019	2,000	1,290	344	3,634
At 31 May 2018	1,613	861	359	2,833

Broadthorpe Limited

Notes to the financial statements for the year ended 31 May 2019 (continued)

10 Tangible assets (continued)

The cost of land included in freehold land and buildings is £87,311 (2018: £81,000).

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. All such assets were revalued on 18 May 2004 on the basis of open market value by E.surv Chartered Surveyors. 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 (2018: £nil).

11 Investments

	Group Interest in joint ventures		Company Shares in subsidiary companies	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
At 31 May 2018	-	-	3,413	3,413
At 31 May 2019	-	-	3,413	3,413

The Group interest in Joint Ventures relates to a 50% equity investment in Heatherton Developments Limited at a cost of £50. Heatherton Developments Limited is currently non-trading. The registered office of Heatherton Developments Limited is 9 Riverside Court, Pride Park, Derby, DE24 8JN.

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 United Kingdom and registered in England and Wales.

The registered office of all subsidiary companies is; Forest Field, Forest Road, Loughborough, Leicestershire, LE11 3NS.

Broadthorpe Limited

Notes to the financial statements for the year ended 31 May 2019 (continued)

12 Stocks

The group

	2019 £'000	2018 £'000
Raw materials and consumables	1,763	1,419
Land held for development	62,905	66,259
Work in progress:		
Net cost less foreseeable losses	84,240	60,643
Finished goods and goods for resale	930	787
	149,838	129,108

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

Land stocks are stated after provision for impairment of £1,314,000 (2018: £1,064,000).

The company

The company does not hold any stock at 31 May 2019 or at 31 May 2018.

13 Debtors

The group

	2019 £'000	2018 £'000
Trade debtors	2,818	5,155
Amounts owed by related parties (note 23)	1	14
Loan to Joint Venture company	1,289	1,236
Equity share debtors	1,398	1,703
Other debtors	61	30
VAT	1,206	3,244
Prepayments and accrued income	593	245
	7,366	11,627

Included in debtors above are the following amounts due after more than one year; equity share debtors of £1,227,000 (2018: 1,399,000) and a trade debtor of £nil (2018: £2,000,000).

The company

The company does not have any debtors (2018: £nil).

Broadthorpe Limited

Notes to the financial statements for the year ended 31 May 2019 (continued)

14 Creditors: amounts falling due within one year

The group

	2019	2018
	£'000	£'000
Payments received on account	341	543
Trade creditors	8,680	15,926
Amount owed to related parties (note 23)	27	509
Other taxation and social security	1,574	1,366
Corporation tax	1,619	1,415
Accruals and deferred income	18,719	15,770
	30,960	35,529

The company

	2019	2018
	£'000	£'000
Accruals and deferred income	-	2

15 Creditors: amounts falling due after more than one year

The group

	2019	2018
	£'000	£'000
Land creditors due in less than five years	-	1,000

16 Provisions for liabilities

The group

Maintenance, guarantees and other provisions

	£'000	£'000
At 1 June 2018	2,046	1,761
Utilised in the year	(642)	(751)
Charge for the year	2,483	1,036
At 31 May 2019	3,887	2,046

Broadthorpe Limited

Notes to the financial statements for the year ended 31 May 2019 (continued)

16 Provisions for liabilities (continued)

The provision for maintenance, guarantees and other provisions relates to the estimated cost of future remedial works which will become due within the next two years on private housing, the estimated future guarantee cost of remedial works on completed contracts and provisions for litigation, fines or penalties.

The group has taken advantage of the exemption not to disclose all information required by section 21.14 of FRS102 to show each class of provision as it is of the opinion that this would disclose sensitive information and might prejudice the outcome of any litigation case.

Deferred taxation

The movements in deferred taxation as calculated on the liability method at 19.0% (2018: 19.0%) and are set out below:

	2019	2018
	£'000	£'000
At 1 June 2018	100	244
Profit and loss charge/(credit) for the year (note 7a)	268	(140)
Transfer to reserves	(4)	(4)
At 31 May 2019	364	100

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

	2019	2018
	£'000	£'000
Depreciation in excess of capital allowances	14	(24)
Other timing differences	350	124
At 31 May 2019	364	100

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

The company does not have any provisions (2018: £nil).

Broadthorpe Limited

Notes to the financial statements for the year ended 31 May 2019 (continued)

17 Financial Instruments

The group

The group has the following financial instruments:

	Note		2019 £'000	2018 £'000
Financial assets at fair value through profit or loss				
- Equity share debtors	13	1,398	1,703	1,703
			1,398	1,703
Financial assets that are debt instruments measured at amortised cost				
- Trade receivables	13	2,818	5,155	
- Other receivables	13	1,269	3,288	
			4,087	8,443
Financial liabilities measured at amortised cost				
- Trade creditors	14	(8,680)	(15,926)	
- Accruals	14	(18,719)	(15,770)	
- Amount owed to related parties	14	(27)	(509)	
- Payments on account	14	(341)	(543)	
			(27,767)	(32,748)

The company

The company has the following financial instruments:

	Note		2019 £'000	2018 £'000
Financial assets that are debt instruments measured at amortised cost				
- Other receivables	13	-	-	-
Financial liabilities measured at amortised cost				
- Accruals	14	-	(2)	(2)

18 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 £711,278 (2018: £614,778).

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 2017. This disclosure note is based on membership information current as at 31 May 2019.

Broadthorpe Limited

Notes to the financial statements for the year ended 31 May 2019 (continued)

18 Post-employment benefits (continued)

A full actuarial valuation was carried out on 1 September 2017 which reported a funding level of 117%. The actuarial method used is a projected unit method. The principal actuarial assumptions are pre-retirement valuation rate of interest of 3.3% per annum; post retirement valuation rate of interest of 3.3% per annum, increases in pensionable salaries is no longer applicable due to scheme closure and an increase of 2.5% per annum for inflation.

The employer contributions to the scheme over the financial year ended 31 May 2019 have been £nil (2018: £nil). The scheme was closed to new members on 31 May 2002 and 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:

	2019	2018
	%	%
Inflation rate	3.5	3.3
Discount rate	2.2	2.5
Pension in payment increases	3.4	3.2

The mortality assumptions used were as follows:

	2019 years	2018 years
Life expectancy – currently aged 65		
- men	21.6	21.9
- women	23.3	23.8
Life expectancy future pensioner – currently aged 45		
- men	22.9	23.3
- women	24.8	25.4

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

	2019	2018
	£'000	£'000
Equities	2,587	2,108
Bonds	5,378	1,133
Gilts	10,889	9,520
Property	3,395	3,375
Other	1,282	1,169
Cash	383	1,225
Hedge fund (Standard Life GARS)	3,425	8,715
Annuities	1,034	1,026
Total market value of scheme assets	28,373	28,271

Broadthorpe Limited

Notes to the financial statements for the year ended 31 May 2019 (continued)

18 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.

Reconciliation of Scheme's assets and defined benefit obligation

	Assets £'000	Defined benefit obligation £'000	Net position £'000
At 1 June 2018	28,271	(27,268)	1,003
Benefits paid	(1,357)	1,357	-
Interest income/(cost)	665	(665)	-
Past service cost	-	(374)	(374)
Actuarial losses	-	(905)	(905)
Return on assets excluding interest income	794	-	794
As at 31 May 2019	28,373	(27,855)	518

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

	2019 £'000	2018 £'000
Actuarial (losses)/gains on defined benefit obligation	(905)	(31)
Actual gain/(loss) on assets less interest	794	(284)
Limit on recognition of assets less interest	111	315
Amount recognised in Other comprehensive income	-	-

The return on the plan assets was:

	2019 £'000	2018 £'000
Interest income	665	652
Return on assets excluding interest income	794	(284)
Net return	1,459	368

The company

The company had no post – employment benefits at 31 May 2019 (2018: £nil).

Broadthorpe Limited

Notes to the financial statements for the year ended 31 May 2019 (continued)

19 Called up share capital

Group and Company

	2019	2018
	£	£
Allotted and fully paid		
14,376 (2018: 14,376) ordinary shares of £1 each	14,376	14,376
21,564 (2018: 21,564) A ordinary shares of £1 each	21,564	21,564
	35,940	35,940

The A ordinary shares rank Pari Passu with the ordinary shares except on any distribution, return of capital or on a sale of the entire issued share capital of the Company.

20 Notes to the consolidated cash flow statement

	2019	2018
	£'000	£'000
Group profit for the financial year	15,095	11,510
Adjustments for:		
Tax on profit	3,797	2,885
Net interest paid	68	61
Group operating profit (note 4)	18,960	14,456
Depreciation charges	655	665
Profit on disposal of tangible fixed assets	(99)	(207)
Increase in stock	(20,730)	(38,527)
Decrease/(Increase) in debtors	4,301	(1,339)
(Decrease)/Increase in creditors	(3,450)	16,965
Net cash outflow from operating activities	(363)	(7,987)

Analysis of changes in net funds

	As at 31 May 2018	Cash flow	As at 31 May 2019
	£'000s	£'000	£'000
Cash at bank and in hand	17,652	(9,872)	7,780

Broadthorpe Limited

Notes to the financial statements for the year ended 31 May 2019 (continued)

21 Capital commitments

The group and company

At 31 May 2019 and 31 May 2018, there were no capital or other commitments.

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

22 Contingent liabilities and guarantees

A subsidiary company has entered into Performance Bonds in the normal course of its business totalling £20,217,700 at 31 May 2019 (2018: £24,990,000). 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 (2018: £nil).

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 arm's-length transactions:

	2019 Sold to	2019 Purchased from	2019 Debtor	2019 Creditor
	£'000	£'000	£'000	£'000
William Davis & Co (Loughborough) Limited	20	72	1	-
J Eddershaw	-	-	-	27

	2018 Sold to	2018 Purchased from	2018 Debtor	2018 Creditor
	£'000	£'000	£'000	£'000
William Davis & Co (Loughborough) Limited	26	72	2	-
Davis Granite (Private) Limited	-	-	12	-
J Eddershaw	-	-	-	27
William Davis Settlement Trust	-	-	-	482

24 Ultimate controlling party

Broadthorpe Limited is the smallest and largest group to consolidate these financial statements. The company is owned by a number of private shareholders, accordingly there is no parent entity.

The ultimate controlling party is William Davis Settlement Trust.