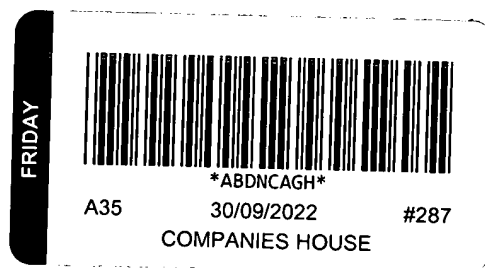


J. R. Smart (Builders) Limited

Annual report and financial statements

Registered number 01148586

31 December 2021



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Strategic Report

Principal activities

The principal activity of the Company during the year was property development.

Business review

- 2021 involved a reorganisation of the Company, its management and the forming of a new Holding Company, G. E. Smart (Holdings) Limited.
- The last site at Capital Quarter was sold and construction has now concentrated on John Street.
- Despite continued restrictions associated with Covid 19, development opportunities were maximised and marketing activity enhanced.
- The directors continue with their policy of the granting of leases in relation to trading stock of properties which they believe will result in enhancing the attractiveness of properties to potential purchasers.
- The directors are confident that their strategic aims continue to be relevant, and on track.
- The close working relationship with Lloyds Bank continues.
- Costs were again in line with directors' expectations.

Principal risks and uncertainties

- These remain related to the impact on the sector for demand for office, industrial and residential space as a result of new ways of working which have evolved during the Covid 19 pandemic.
- The Directors continue to monitor opportunities as they present themselves while managing cash reserves and site development to best advantage.

Financial risk report

- Development projects are only started (or sites acquired) after our experienced professional team have carried out suitable due diligence on our behalf.
- All projects are reviewed by our management team and external Quantity Surveyors before commencement. Budgets, costs and cashflows are reviewed regularly.
- As well as using local building control inspectors, building projects are independently inspected by insurance company inspectors.

Outlook and future developments

- The directors continue to evaluate the impact of the Covid pandemic on the property development sector in terms of an evolving 'hybrid' model of working. They are encouraged by the increased demand for quality within the sector which accords with their strategic plans for future expansion.
- The company continues its focus on the safety and wellbeing of the Company's employees and that of its sub-contractors and suppliers. Work on our development site has continued, without significant disruption.
- The directors are of the opinion that the Company has sufficient liquidity to manage its planned programme for the foreseeable future and they shall continue to maximise opportunities as they present themselves.
- Consequently, and given the shortage of quality development stock available in our area of operation, the directors have confidence that the longer-term outlook remains positive, and that the financial health of the business is sound.

By order of the board



GE Smart
Director

7/8 Park Place
Cardiff
CF10 3DP

28th September 2022

Directors' Report

The directors have pleasure in presenting their annual report and the audited financial statements for the year ended 31 December 2021.

Dividends

£31,390,396 dividends were paid or proposed during the year (2020: £Nil).

Directors

The directors who held office during the year and subsequently up to the date of this report were:

AG Smart (resigned 26 February 2021)
GE Smart
G C Lloyd (appointed 1 April 2021)

Other information

An overview of developments in the business has been included in the Strategic Report on page 1.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

By order of the board



GE Smart
Director

7/8 Park Place
Cardiff
CF10 3DP

28th September 2022

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX
United Kingdom

Independent auditor's report to the members of J.R. Smart (Builders) Limited

Opinion

We have audited the financial statements of J.R. Smart (Builders) Limited ("the company") for the year ended 31 December 2021 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Independent auditor's report to the members of J.R. Smart (Builders) Limited *(continued)*

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because sales transactions have no judgemental aspects of revenue recognition.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those including wording which would indicate a heightened risk of fraud in the journal text.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: employment law, regulatory capital and liquidity, health and safety and building regulations, recognising the nature of the Company's construction activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Independent auditor's report to the members of J.R. Smart (Builders) Limited (continued)

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members of J.R. Smart (Builders) Limited *(continued)*

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Jeremy Thomas (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX

29 September 2022

Profit and loss account
for the year ended 31 December 2021

	<i>Note</i>	2021 £	2020 £
Turnover	2	1,579,727	31,942,377
Cost of sales		(1,716,545)	(17,881,673)
		<hr/>	<hr/>
Gross (loss)/profit		(136,818)	14,060,704
Administrative expenses		(698,901)	(2,083,801)
Other operating income	3	126,429	116,679
		<hr/>	<hr/>
Operating (loss)/profit		(709,290)	12,093,582
Interest receivable and similar income	7b	13,946	134,034
Interest payable and similar expenses	7a	(64,902)	-
		<hr/>	<hr/>
(Loss)/profit before taxation	2-7	(760,246)	12,227,616
Tax on (loss)/profit	8	129,097	(2,327,941)
		<hr/>	<hr/>
(Loss)/profit and total comprehensive income for the financial year		(631,149)	9,899,675
		<hr/>	<hr/>

The accompanying notes form part of these financial statements.

Balance sheet
at 31 December 2021

	Note	£	2021	£	£	2020	£
Fixed assets							
Tangible assets	9		40,367			121,026	
Investments	10		9,000			9,000	
			<u>49,367</u>			<u>130,026</u>	
Current assets							
Stocks	11	12,227,237			12,000,731		
Debtors	12	212,997			222,572		
Cash at bank and in hand	14	5,057,711			33,183,824		
			<u>17,497,945</u>		<u>45,407,127</u>		
Creditors: amounts falling due within one year	15	(5,615,182)			(1,583,478)		
Net current assets			<u>11,882,763</u>			<u>43,823,649</u>	
Total assets less current liabilities, being net assets			<u>11,932,130</u>			<u>43,953,675</u>	
Capital and reserves							
Called up share capital	17	1,500			1,500		
Profit and loss account		11,930,630			43,952,175		
Shareholders' funds			<u>11,932,130</u>		<u>43,953,675</u>		

These financial statements were approved by the board of directors on 28th September 2022 and were signed on its behalf by:



GE Smart
Director

Company registered number: 01148586

The accompanying notes form part of these financial statements

Statement of Changes in Equity
for the year ended 31 December 2021

	Called up Share capital	Profit and loss account	Total equity
	£	£	£
Balance at 1 January 2020	1,500	34,052,500	34,054,000
Total comprehensive income for the year			
Profit for the year	-	9,899,675	9,899,675
	-----	-----	-----
Total comprehensive income for the year	-	9,899,675	9,899,675
	-----	-----	-----
Balance at 31 December 2020	1,500	43,952,175	43,953,675
	=====	=====	=====

	Called up Share capital	Profit and loss account	Total equity
	£	£	£
Balance at 1 January 2021	1,500	43,952,175	43,953,675
Total comprehensive income for the year			
Loss for the year	-	(631,149)	(631,149)
	-----	-----	-----
Total comprehensive income for the year	-	(631,149)	(631,149)
	-----	-----	-----
Transactions with owners, recorded directly in equity			
Dividends	-	(31,390,396)	(31,390,396)
	-----	-----	-----
Total distributions to owners	-	(31,390,396)	(31,390,396)
	-----	-----	-----
Balance at 31 December 2021	1,500	11,930,630	11,932,130
	=====	=====	=====

The accompanying notes form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

J.R. Smart (Builders) Limited (the "Company") is a private company limited by shares and incorporated, domiciled and registered in the UK (Wales). These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest pound.

The Company's ultimate parent undertaking, G. E. Smart (Holdings) Limited includes the Company in its consolidated financial statements. The consolidated financial statements of G. E. Smart (Holdings) Limited are available to the public and may be obtained from 7/8 Park Place, Cardiff CF10 3DP. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of G. E. Smart (Holdings) Limited include the disclosures equivalent to those required by FRS 102, the Company has also taken the exemptions available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 Share-based Payments; and,
- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. There are no judgements made by the directors in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

As at 31 December 2021, the company had net current assets of £11,882,763 (2020: £43,823,649), including cash of £5,057,711 (2020: £33,183,824), net assets of £11,932,130 (2020: £43,953,675) and reported a loss for the year then ended of £631,149 (2020: profit of £9,899,675). The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds to meet its liabilities as they fall due for that period.

In preparing these forecasts the directors have considered reasonably possible downside scenarios. Specifically, the directors have considered a scenario in which the company receives no income in the forecast period.

Under this scenario, the company has sufficient resources available to continue trading for the foreseeable future. Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Notes (continued)

1 Accounting policies (continued)

1.3 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits..

1.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

The company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives are as follows:

Fixtures and fittings	-	15% per annum reducing balance
Office equipment	-	25% per annum reducing balance
Plant and machinery	-	25% per annum reducing balance
Motor vehicles	-	25% per annum reducing balance

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.5 Stocks

Stocks represent development work in progress and property for sale. Stocks are stated at the lower of cost and net realisable value. Cost comprises land, materials, labour and an appropriate proportion of construction overheads.

1.6 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Notes (continued)

1 Accounting policies (continued)

1.7 Turnover

Turnover comprises the value of sales (excluding VAT) of properties and related services (including service charges) of properties located in the United Kingdom. Turnover is recognised when the risks and rewards are transferred to the customer. This is normally on transfer of legal title (for sales of properties), or when the services are provided (for services of properties).

1.8 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and payable

Interest includes interest receivable and payable and discounting of financial assets and liabilities.

Interest payable is recognised in profit or loss as it accrues, using the effective interest method.

1.9 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2 Turnover

	2021 £	2020 £
Development sales	1,550,000	31,829,291
Service charge income	29,727	113,086
	<u>1,579,727</u>	<u>31,942,377</u>

All turnover arose from the principal activity of the company and in the UK.

Notes (continued)

3 Other operating income

	2021 £	2020 £
Rental income	105,436	104,670
Other income	20,993	12,009
	<u>126,429</u>	<u>116,679</u>

4 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2021 £	2020 £
Hire of land, buildings and vehicles – operating leases	55,667	50,602
Depreciation (see note 9)	15,368	28,016
Impairment of stock	-	950,000
	<u></u>	<u></u>

Auditor's remuneration:

	£	£
Audit of these financial statements	30,000	25,500
Amounts receivable by the company's auditor and its associates in respect of:		
Tax compliance services	5,000	5,000
Other tax advisory services	10,000	15,000
	<u></u>	<u></u>

5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2021	2020
Administration	4	5
Site workers	3	3
	<u>7</u>	<u>8</u>

The aggregate payroll costs of these persons were as follows:

	2021 £	2020 £
Wages and salaries	409,811	756,652
Social security costs	44,387	94,608
Pension contributions	26,147	106,819
	<u>480,345</u>	<u>958,079</u>

Notes (continued)

6 Directors' remuneration (being key management personnel compensation)

	2021 £	2020 £
Directors' remuneration (including company pension contributions of £nil (2020: £78,000))	205,673	608,470

The remuneration of the highest paid director was £159,994 (2020: £355,383), and company pension contributions of £nil (2020: £24,000) were made to a money purchase scheme on his behalf.

	Number of directors	
	2021	2020
Retirement benefits accrued to the following number of directors during the year under:		
Money purchase schemes	1	2

7 Interest

7a Interest payable and similar expenses

	2021 £	2020 £
On loan from parent company	64,902	-

7b Interest receivable and similar income

	2021 £	2020 £
Bank interest received	13,946	134,034

Notes (continued)

8 Taxation

Total tax expense recognised in the profit and loss account

	2021 £	2020 £
<i>Current tax</i>		
UK corporation tax	-	2,316,443
Adjustments in respect of prior periods	(112,683)	-
	<hr/>	<hr/>
Total current tax	(112,683)	2,316,443
<i>Deferred tax (see note 13)</i>		
Origination and reversal of timing differences	(12,231)	14,409
Effect of tax rate change on opening balance	(4,183)	(2,911)
	<hr/>	<hr/>
Total deferred tax	(16,414)	11,498
	<hr/>	<hr/>
Total tax (all recognised in the Profit and Loss Account)	(129,097)	2,327,941
	<hr/>	<hr/>

Reconciliation of effective tax rate

	2021 £	2020 £
(Loss)/profit for the year	(631,149)	9,899,675
Total tax	(129,097)	2,327,941
	<hr/>	<hr/>
(Loss)/profit excluding taxation	(760,246)	12,227,616
	<hr/>	<hr/>
Tax using the UK corporation tax rate of 19.00% (2020: 19.00%)	(144,447)	2,323,247
Change in tax rate on deferred tax balances	(4,183)	(2,911)
Non-deductible expenses	10,023	7,605
Income not taxable	(3,481)	-
Other permanent differences	660	-
Losses carried back	112,683	-
Group relief surrendered	12,331	-
Adjustment to tax charge in respect of previous periods	(112,683)	-
	<hr/>	<hr/>
Total tax (credit)/expense included in profit or loss	(129,097)	2,327,941
	<hr/>	<hr/>

An increase in the UK corporation tax rate from 19% to 25% effective 1 April 2023 was substantively enacted on 24 May 2021, and the UK deferred tax asset as at 31 December 2021 has been calculated based on this rate.

Notes (continued)

9 Tangible fixed assets

	Fixtures and fittings £	Office Equipment £	Plant and machinery £	Motor vehicles £	Total £
Cost					
At beginning of year	9,435	21,593	23,000	157,673	211,701
Additions	-	169	-	31,359	31,528
Disposals	-	(4,571)	-	(152,068)	(156,639)
At end of year	9,435	17,191	23,000	36,964	86,590
Depreciation					
At beginning of year	3,057	10,713	18,992	57,913	90,675
Charge for the year	957	2,068	1,002	11,341	15,368
Disposals	-	(1,380)	-	(58,440)	(59,820)
At end of year	4,014	11,401	19,994	10,814	46,223
Net book value					
At end of year	5,421	5,790	3,006	26,150	40,367
At beginning of year	6,378	10,880	4,008	99,760	121,026

10 Fixed asset investments

	Unlisted investments £	Total £
Cost and net book value		
At beginning of year	9,000	9,000
Disposals	-	-
At end of year	9,000	9,000

Unlisted Investments

Investments are unquoted and, in the opinion of the directors, their market value is not materially different from their cost.

Notes (continued)

11 Stocks

	2021 £	2020 £
Work in progress and property for resale	12,227,237	12,000,731
	<u> </u>	<u> </u>

12 Debtors

	2021 £	2020 £
Trade debtors	694	25,921
Prepayments and accrued income	43,546	73,885
Corporation tax	112,683	-
Deferred tax asset (see note 13)	29,663	13,249
Other debtors	26,411	109,517
	<u> </u>	<u> </u>
	212,997	222,572
	<u> </u>	<u> </u>

13 Deferred tax

	2021 £
Asset at beginning of year	13,249
Credit for the year in the profit and loss account	16,414
	<u> </u>
Asset at end of year	29,663
	<u> </u>

The deferred tax asset, calculated using the liability method, is analysed as follows:

	2021 £	2020 £
Differences between depreciation and capital allowances	-	(675)
Other timing differences	29,663	13,924
	<u> </u>	<u> </u>
Deferred tax asset (see note 12)	29,663	13,249
	<u> </u>	<u> </u>

14 Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	5,057,711	33,183,824
	<u> </u>	<u> </u>
Cash and cash equivalents	5,057,711	33,183,824
	<u> </u>	<u> </u>

Notes (continued)

15 Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	121,999	122,795
Corporation tax	-	196,919
Other taxation and social security	46,052	180,206
Other creditors	26,626	-
Accruals and deferred income	355,603	1,083,558
Amounts owed to group undertakings	5,064,902	-
	<u>5,615,182</u>	<u>1,583,478</u>

16 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2021	2020
	£	£
Creditors: amounts falling due within one year		
Unsecured loan from parent company	5,064,902	-
	<u>5,064,902</u>	<u>-</u>

The unsecured loan from parent company bears interest at a rate of 1.75% per annum. There is no fixed repayment date for the loan.

17 Share capital

	2021	2020
	£	£
<i>Allotted, called up and fully paid</i>		
1,500 (2020: 1,500) ordinary shares of £1 each	1,500	1,500
	<u>1,500</u>	<u>1,500</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Notes (continued)

18 Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

	2021 £	2020 £
Less than one year	25,308	22,612
Between one and five years	64,492	42,448
More than five years	151,221	161,832
	<u>241,021</u>	<u>226,892</u>

19 Related parties

The company paid rent and service charges of £32,155 (2020: £32,000) to the directors' pension scheme in respect of the company's office accommodation and car parking spaces. The company received £1,550,000 from the directors' pension scheme in respect of the sale of developments. No amounts remained unpaid at the balance sheet date in respect of these transactions.

The company received a £5,000,000 loan from G.E. Smart (Holdings) Limited and £64,902 on interest has accrued on the loan. The company owes £5,064,902 to G.E. Smart (Holdings) Limited at the balance sheet date in respect of these transactions.

The company received £66,735 for the sale of assets to AG Smart, a director of the company at the time of the transactions, during the year and was paid £28,431 for services provided to GE Smart, a director of the company. No amounts remained unpaid at the balance sheet date in respect of these transactions.

20 Ultimate controlling party

The directors consider that GE Smart is the ultimate controlling party of the Company. G. E. Smart (Holdings) Limited heads the only group in which this company is consolidated.