

Esh Developments Limited  
Annual report and financial statements  
for the year ended 31 December 2018

**Registered Number 02820731**



Esh Developments Limited

Annual report and financial statements

for the year ended 31 December 2018

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# **Esh Developments Limited**

## **Directors' report**

The directors present their directors' report and audited financial statements for the year ended 31 December 2018.

### **Principal activities**

The principal activity of the company is land and property development.

### **Business review**

The results for the year are presented on page 5.

### **Proposed dividends**

The directors recommend the payment of a dividend of £nil (2017: £500,000).

### **Directors**

The directors who were in office during the year and up to the date of signing the financial statements were as follows:

M F Hogan

D Horrocks (appointed 9 May 2018)

A E Radcliffe

M A Sowerby (appointed 29 January 2018)

G Woodcock (resigned 9 May 2018)

### **Political contributions**

The company made no political donations or incurred any political expenditure during the year.

### **Going concern**

The company meets its financing requirements through balances with other companies in the group headed by Esh Holdings Limited. The company has received assurances that group funding will continue to be made available for the foreseeable future.

### **Statement of director's 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 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 company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

# Esh Developments Limited

## Directors' report (continued)

### Statement of director's responsibilities in respect of the financial statements (continued)

- 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 company will continue in business.

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

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

### Disclosure of information to auditors

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

### Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

### Small company provisions

In preparing this report, the directors have taken advantage of the small company's exemptions provided by section 415A of the Companies Act 2006.

On behalf of the board



A E Radcliffe

Director

Date..... 23/9/2019

Esh House  
Bowburn North Industrial Estate  
Bowburn  
Durham  
DH6 5PF

# Esh Developments Limited

## Independent auditors' report to the members of Esh Developments Limited

### Report on the audit of the financial statements

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#### Opinion

In our opinion, Esh Developments Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss 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 statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2018; the statement of income and retained earnings for the year then ended; the accounting policies; and the notes to the financial statements.

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#### 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 company 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.

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#### 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 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 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 company's trade, customers, suppliers and the wider economy.

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#### 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 Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

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.

# Esh Developments Limited

## Independent auditors' report to the members of Esh Developments Limited (continued)

### *Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2018 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 company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

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### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of director's responsibilities in respect of the financial statements, 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 company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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](http://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.

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## **Other required reporting**

### **Companies Act 2006 exception reporting**

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

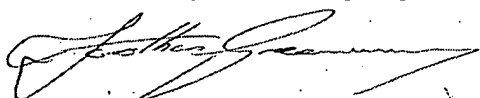
- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified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

We have no exceptions to report arising from this responsibility.

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### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Jonathan Greenaway (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Newcastle upon Tyne  
25 September 2019

# Esh Developments Limited

## Statement of income and retained earnings for the year ended 31 December 2018

		2018	2017
	Note	£	£
<b>Turnover</b>	1	<b>1,727,775</b>	10,370,456
Cost of sales		(2,306,398)	(9,879,966)
<b>Gross (loss)/profit</b>		<b>(578,623)</b>	490,490
Administrative expenses		(174,022)	(424,750)
<b>Operating (loss)/profit</b>		<b>(752,645)</b>	65,740
Income from shares in group undertakings		(3,877)	830,000
Income from other fixed asset investments		-	1,660
Other interest receivable and similar income	4	690,566	647,338
Interest payable and similar expenses	5	(717,199)	(678,089)
<b>(Loss)/profit before taxation</b>	6	<b>(783,155)</b>	866,649
Tax on profit	7	74,167	-
<b>(Loss)/profit for the financial year</b>	14	<b>(708,988)</b>	866,649
Profit and loss account brought forward		368,209	1,560
Dividends paid		-	(500,000)
<b>Profit and loss account at end of the year</b>		<b>(340,779)</b>	368,209

All results derive from continuing operations.

The company had no other comprehensive income during the current year or preceding year other than that reflected in the profit and loss account.

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

# Esh Developments Limited

## Balance sheet as at 31 December 2018

			2018	2017
	Note	£	£	£
<b>Fixed assets</b>				
Investments	8		801,089	945,891
			801,089	945,891
<b>Current assets</b>				
Stocks	9	2,100,342		3,530,692
Debtors	10	15,670,588		15,164,543
		17,770,930		18,695,235
<b>Creditors: amounts falling due within one year</b>	11	(18,912,795)		(19,272,915)
<b>Net current liabilities</b>			(1,141,865)	(577,680)
<b>Total assets less current liabilities</b>			(340,777)	368,211
<b>Net (liabilities)/assets</b>			(340,777)	368,211
<b>Capital and reserves</b>				
Called up share capital	13		2	2
Profit and loss account	14		(340,779)	368,209
<b>Total shareholders' (deficit)/funds</b>			(340,777)	368,211

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements on pages 5 to 18 were approved by the board of directors on 23/9/2019 and were signed on its behalf by:



M A Sowerby  
Director

Company registered number: 02820731



# **Esh Developments Limited**

## **Statement of accounting policies**

### **Statement of compliance and general information**

The Company is limited by shares and is incorporated in England and Wales. The registered address is Esh House, Bowburn North Industrial Estate, Durham, DH6 5PF. The financial statements of Esh Developments Limited have been prepared in compliance with the United Kingdom Accounting Standards, including Financial Reporting Standard 102, “The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland” (“FRS 102”) and the Companies Act 2006.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

### **Basis of preparation**

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

As the company is a wholly owned subsidiary of Esh Holdings Limited, the company has taken advantage of the exemption contained in paragraph 33.1A of FRS 102 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

### **Exemptions for qualifying entities under FRS 102**

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with.

The Company has taken advantage of the following exemptions:

- (i) from preparing 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;
- (ii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv);
- (iii) from disclosing the company’s key management personnel compensation, as required by FRS 102 paragraph 33.7.

### **Going concern**

The company meets its financing requirements through balances with other companies in the group headed by Esh Holdings Limited. The company has received assurances that group funding will continue to be made available for the foreseeable future.

The company is subject to a cross guarantee banking arrangement with its parent undertaking, Esh Holdings Limited, and certain other group undertakings.

The group headed by Esh Holdings Limited has substantial net assets. Detailed information regarding the financial position of the group headed by Esh Holdings Limited, its cash flows, liquidity position and borrowing facilities are included in the financial statements of Esh Holdings Limited, which can be obtained from Companies House.

After making detailed enquiries and taking into account the factors discussed above, the Board is confident that the company has adequate resources to continue in operational existence for the foreseeable future and accordingly continues to prepare the financial statements on a going concern basis.

# Esh Developments Limited

## Statement of accounting policies (continued)

### **Tangible fixed assets and depreciation**

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by instalments over their estimated useful economic lives as follows:

Motor vehicles	- 30% reducing balance
Office equipment	- 33% straight line

### **Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. For work in progress cost includes an appropriate proportion of attributable overheads.

### **Leases**

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors.

### **Taxation**

The charge for taxation is based on the result for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by section 29 of FRS 102.

### **Classification of financial instruments issued by the company**

Financial instruments issued by the company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations.

### **Dividends**

Dividends are only recognised as a liability at that date to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

# **Esh Developments Limited**

## **Statement of accounting policies (continued)**

### **Turnover**

Turnover is measured at the fair value of consideration receivable net of discounts and VAT. Revenue is generated from property and land sales and is recognised upon legal completion of title to the customer.

### **Investments**

Investments in subsidiary undertakings are stated at cost less amounts written off.

### **Critical judgements and estimates in applying the accounting policies**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The directors consider the only critical judgements to be the recoverability of the stock balances, for which estimates as to the profitability of the development sites are produced.

# Esh Developments Limited

## Notes to the financial statements for the year ended 31 December 2018

### 1 Turnover

The turnover of the company for the year has been derived entirely from its principal activity, wholly undertaken in the United Kingdom.

### 2 Remuneration of directors

	2018	2017
	£	£
Directors' emoluments	188,265	192,300
Company contributions to money purchase pension schemes	25,225	19,084

Retirement benefits are accruing to one director (2017: 1) under money purchase pension schemes.

The aggregate of emoluments of the highest paid director were £118,325 (2017: £111,772) and company pension contributions of £20,739 (2017: £19,084) were made to a money purchase scheme on his behalf.

### 3 Staff numbers and costs

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

	Number of employees	
	2018	2017
Management and administration	4	7

The aggregate payroll costs of these persons were as follows:

	2018	2017
	£	£
Wages and salaries	376,909	487,915
Social security costs	40,272	53,484
Other pension costs (note 16)	32,242	51,402
	449,423	592,801

Included in staff costs are redundancy payments of £5,000 (2017: £420).

# **Esh Developments Limited**

## **Notes to the financial statements for the year ended 31 December 2018 (continued)**

### **4 Other interest receivable and similar income**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Receivable from group undertakings	<b>690,566</b>	<b>647,338</b>

### **5 Interest payable and similar expenses**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Payable to group undertakings	<b>717,199</b>	<b>678,089</b>
	<b>717,199</b>	<b>678,089</b>

### **6 Profit before taxation**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Profit on before taxation is stated after charging:</b>		
Depreciation of tangible assets:		
Owned assets	-	1,513
Leased assets	-	-

#### **Auditors' remuneration**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Audit of these financial statements	<b>3,411</b>	<b>3,078</b>

# Esh Developments Limited

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 7 Tax on (loss)/profit

#### Tax credit included in profit or loss

Analysis of credit in year:

	2018	2017
	£	£
<b>Tax on (loss)/profit</b>	<b>(74,167)</b>	<b>-</b>

#### Reconciliation of tax charge

The tax assessed for the year is lower (2017: lower) than the standard rate of corporation tax in the UK 19% (2017: 19.25%). The differences are explained below:

	2018	2017
	£	£
<b>Tax reconciliation</b>		
(Loss)/profit before taxation	(783,155)	866,649
Current tax at 19% (2017: 19.25%)	(148,800)	166,830
<i>Effects of:</i>		
Expenses not deductible for tax purposes	4,712	307
Unrecognised deferred tax movement	(2,256)	(627)
Income not subject to UK corporation tax	-	(159,779)
Group relief surrendered at less than full UK tax rate	63,452	(6,731)
Tax rate changes	8,725	-
<b>Total tax credit (see above)</b>	<b>(74,167)</b>	<b>-</b>

#### Tax rate changes

The tax rate for the current year is lower than the prior year due to changes in the UK corporation tax rate which decreased from 21% to 20% from 1 April 2015.

The Finance (No. 2) Act 2015 was substantively enacted on 26 October 2015. This reduced the main rate of corporation tax to 19% with effect from 1 April 2017 and to 18% with effect from 1 April 2020. A further reduction in the main corporation tax rate to 17% from 1 April 2020 was announced in the 2016 Budget and substantively enacted in the Finance Act 2016. Given the changes are stepped, deferred tax assets and liabilities reflect the rate of 19% that will apply from 1 April 2017.

# Esh Developments Limited

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 8 Investments

	Loans to subsidiaries	Loans to joint ventures	Shares in group companies	Shares in joint ventures	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 January 2018	164,024	446,992	350,280	87,376	1,048,672
Disposals	-	(144,803)	-	-	(144,803)
<b>At 31 December 2018</b>	<b>164,024</b>	<b>302,189</b>	<b>350,280</b>	<b>87,376</b>	<b>903,869</b>
<b>Provisions</b>					
At 1 January and 31 December 2018	-	(15,000)	(405)	(87,375)	(102,780)
<b>Net book value</b>					
<b>At 31 December 2018</b>	<b>164,024</b>	<b>287,189</b>	<b>349,875</b>	<b>1</b>	<b>801,089</b>
At 31 December 2017	164,024	431,992	349,875	1	945,891

The principal undertakings in which the company's interest at the year-end is more than 10% are as follows:

Subsidiary undertakings	Proportion of voting rights and shares held %	Nature of business	Registered address
ABC Rental Properties Limited	100%	Property letting	Esh House, Bowburn North Industrial Estate, Bowburn, Durham DH6 5PF
Boathouse Lane Projects Limited	100%	Non-trading	Esh House, Bowburn North Industrial Estate, Bowburn, Durham DH6 5PF
Dunelm Homes (Seaham) Limited	100%	Housebuilder	Esh House, Bowburn North Industrial Estate, Bowburn, Durham DH6 5PF
Esh Acorn Homes Limited	100%	Housebuilder	Esh House, Bowburn North Industrial Estate, Bowburn, Durham DH6 5PF
Philadelphia Estates Limited	*100% +30%	Development Development	Esh House, Bowburn North Industrial Estate, Bowburn, Durham DH6 5PF
Philadelphia Properties Limited	**100%	Property letting	Esh House, Bowburn North Industrial Estate, Bowburn, Durham DH6 5PF
Speed 8767 Limited	**100%	Development	Esh House, Bowburn North Industrial Estate, Bowburn, Durham DH6 5PF
Tursdale Business Park Limited	41% +12.5%**	Property letting	Esh House, Bowburn North Industrial Estate, Bowburn, Durham DH6 5PF

# Esh Developments Limited

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 8 Investments (continued)

Joint ventures	Proportion of voting rights and shares held %	Nature of business	Registered address
Boathouse Lane (Freehold) Limited	50%	Non-trading	Esh House, Bowburn North Industrial Estate, Bowburn, Durham DH6 5PF
Esh Energy Limited	49%	Renewal energy	Esh House, Bowburn North Industrial Estate, Bowburn, Durham DH6 5PF
Esh Salutation Road	50%	Housebuilder	Esh House, Bowburn North Industrial Estate, Bowburn, Durham DH6 5PF
M62 Developments Limited	43%	Non-trading	Esh House, Bowburn North Industrial Estate, Bowburn, Durham DH6 5PF
Prestige Exclusive Homes Limited	50%	Housebuilder	Esh House, Bowburn North Industrial Estate, Bowburn, Durham DH6 5PF
Participating interests	Proportion of voting rights and shares held %	Nature of business	Registered address
Esh Space The Park Limited	15%	Property development	The Farm House, Hedley Hill Farm, Cornsay Colliery, Durham, DH7 9EX

\*Voting +Equity \*\*Held indirectly

All holdings represent ordinary share capital and all companies are incorporated in England and Wales. Income from shares in group undertakings comprises dividend income from subsidiary companies.

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

### 9 Stocks

	2018	2017
	£	£
Work in progress	850,030	2,063,221
Land	1,250,312	1,467,471
Total	2,100,342	3,530,692



# Esh Developments Limited

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 10 Debtors

	2018	2017
	£	£
Trade debtors	6,918	21,423
Amounts owed by group undertakings	13,102,971	12,366,060
Amounts owed by undertakings in which the entity has a participating interest	2,459,934	2,699,482
Other debtors	-	-
Prepayments and accrued income	389	12,578
Contract debt	-	65,000
Deferred tax asset (note 12)	74,166	-
Corporation tax	26,210	-
	<b>15,670,588</b>	<b>15,164,543</b>

Amounts owed by group undertakings are unsecured and bear interest at 6%.

### 11 Creditors: amounts falling due within one year

	2018	2017
	£	£
Bank loans and overdrafts	5,731,891	6,475,726
Trade creditors	13,275	13,330
Amounts owed to undertakings in which the entity has a participating interest	13,430	524,000
Amounts owed to group undertakings	13,130,943	12,017,011
Taxation and social security	19,957	154,217
Other creditors	300	70,085
Accruals and deferred income	3,000	18,546
	<b>18,912,796</b>	<b>19,272,915</b>

The bank overdraft is secured by means of a group cross guarantee arrangement (note 18).

Amounts owed to group undertakings are unsecured and bear interest at 6%.

# Esh Developments Limited

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 12 Deferred taxation

	2018	2017
	£	£
At beginning of year – asset	-	-
Debit to the profit and loss for the year	74,166	-
<b>At end of year - asset</b>	<b>74,166</b>	<b>-</b>

The elements of deferred taxation are as follows:

	2018	2017
	£	£
Difference between accumulated depreciation and capital allowances	74,166	-
Effect of changes in tax rates	8,725	-
<b>Deferred tax asset</b>	<b>74,166</b>	<b>-</b>

### 13 Called up share capital

	2018	2017
	£	£
<b>Authorised, allotted, called up and fully paid</b>		
2 (2017: 2) ordinary shares of £1 each	2	2

# Esh Developments Limited

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 14 Profit and loss account

Profit and loss account

	£
At 1 January 2018	368,209
Dividends paid	-
Profit for the financial year	(708,988)
<b>At 31 December 2018</b>	<b>(340,779)</b>

### 15 Dividends paid

	2018	2017
	£	£
<b>Ordinary shares</b>		
£250,000 (2017: £250,000) per £1 share	-	500,000

### 16 Pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £32,242 (2017: £51,402).

At 31 December 2018 contributions amounting to £nil (2017: £nil) were payable to the scheme and are included in creditors.

# **Esh Developments Limited**

## **Notes to the financial statements for the year ended 31 December 2018 (continued)**

### **17 Related party transactions**

At the year end the company had a balance of £487,794 (2017: £239,482) due from its joint venture, Prestige Exclusive Homes Limited.

The breakdown of the balance due from Prestige Exclusive Homes Limited in the current year can be analysed as follows:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Intercompany loan	<b>500,000</b>	750,000
Current debtor	<b>928</b>	13,482
Current creditor	<b>(13,134)</b>	(524,000)
	<b>487,794</b>	239,482

### **18 Contingent Liabilities**

The company is party to a group composite arrangement with certain of the companies in the Esh group under which overdrafts and cash balances can be offset. The total group liability and group overdraft at 31 December 2018 amounted to approximately £13.5m (2017: £7.4m). The composite arrangement does not include Dunelm Homes Limited which has its own discrete banking arrangements.

### **19 Ultimate parent company and parent undertaking of larger group of which the company is a member**

The company is a subsidiary undertaking of Esh Investments Limited, the ultimate parent company incorporated in England and Wales. The immediate parent company is Esh Holdings Limited.

The largest group in which results of the company are consolidated is that headed by Esh Investments Limited and the smallest group is that headed by Esh Holdings Limited. The consolidated financial statements of this company are available to the public and may be obtained from Companies House.

The directors do not consider there to be any individual ultimate controlling party.