

**REGISTERED NUMBER: 03195231 (England and Wales)**

**GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2018  
FOR  
P.J. LIVESEY HOLDINGS LIMITED**

Ainsworths Limited  
Chartered Accountants  
and Statutory Auditors  
Charter House  
Stansfield Street  
Nelson  
Lancashire  
BB9 9XY

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FOR THE YEAR ENDED 30TH JUNE 2018**

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**P.J. LIVESEY HOLDINGS LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 30TH JUNE 2018**

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**DIRECTORS:**

Mr P J Livesey  
Mrs D A Livesey  
Mr R Brocklehurst  
Mrs G A Livesey  
Mr J N D Woodmansee  
Mr C D Lynch  
Mr M Duckett

**SECRETARY:**

Mrs D A Livesey

**REGISTERED OFFICE:**

Ashburton Park  
Ashburton Road West  
Trafford Park  
Manchester  
M17 1AF

**REGISTERED NUMBER:**

03195231 (England and Wales)

**AUDITORS:**

Ainsworths Limited  
Chartered Accountants  
and Statutory Auditors  
Charter House  
Stansfield Street  
Nelson  
Lancashire  
BB9 9XY

**GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

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The directors present their strategic report of the company and the group for the year ended 30th June 2018.

**REVIEW OF BUSINESS**

The group's key financial indicators during the year were as follows:

	2018 £	2017 £	Change %
Income Statement			
Turnover	65,988,468	76,369,871	- 13.6%
Profit before taxation	4,671,787	7,100,867	- 34.2%
Balance sheet			
Cash at bank and in hand	13,151,399	12,289,392	+ 7.0%
Shareholders' funds	45,016,437	41,453,009	+ 8.6%

The group turnover has decreased by 13.6% from the previous year. In the prior year the group significantly overperformed on two sites, St James Place, the former Manchester Metropolitan Campus and The Residence, the conversion of the former Chocolate Factory into 180 luxury apartments. Turnover is 29.9% higher than two years ago so despite a fall from last year, turnover is still on a medium term general upward trend.

The directors are pleased that gross profit margin showed a small improvement from the prior year from 14.5% to 14.9%.

Despite the increase in margin, the profit before taxation has reduced from the prior year due to the fall in turnover.

Cash at bank and in hand remains comparable to the prior year having increased by 7.0%. Loan funding has increased from the prior year to facilitate more investment in work in progress which will deliver future turnover and profits.

The directors are satisfied with an increase in the shareholders' funds of 8.6% from the prior year and believe this represents an attractive return on the capital employed in the group.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The majority risks and uncertainties facing the Group are related to the future of the property market, availability of the suitable sites and the availability of finance. The directors believe that as a result of the timely action they have taken, the group is in a strong position.

**FINANCIAL INSTRUMENTS RISKS**

The directors meet regularly to discuss financial instrument risks. In particular, the directors aim to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk at a business unit level.

**ON BEHALF OF THE BOARD:**

Mrs G A Livesey - Director

27th March 2019

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 30TH JUNE 2018**

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The directors present their report with the financial statements of the company and the group for the year ended 30th June 2018.

**PRINCIPAL ACTIVITY**

The principal activity of the group in the year under review was that of the construction of residential properties.

**DIVIDENDS**

An interim dividend of £3,750 per share was paid on 8th June 2018. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 30th June 2018 will be £ 375,000 .

**FUTURE DEVELOPMENTS**

No changes to the group's business are anticipated.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1st July 2017 to the date of this report.

Mr P J Livesey  
Mrs D A Livesey  
Mr R Brocklehurst  
Mrs G A Livesey  
Mr J N D Woodmansce

Other changes in directors holding office are as follows:

Mr C D Lynch - appointed 28th July 2017  
Mr M Duckett - appointed 28th July 2017  
Mr G W Graves - appointed 28th July 2017

Mr J W Allcock , Mr P G Richardson and Mr G W Graves ceased to be directors after 30th June 2018 but prior to the date of this report.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 30TH JUNE 2018**

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**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**AUDITORS**

The auditors, Ainsworths Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

Mrs G A Livesey - Director

27th March 2019

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF P.J. LIVESEY HOLDINGS LIMITED**

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### **Opinion**

We have audited the financial statements of P.J. Livesey Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30th June 2018 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 30th June 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- 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 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.

### **Other information**

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF P.J. LIVESEY HOLDINGS LIMITED**

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### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

### **Responsibilities of directors**

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

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 parent 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 a Report of the Auditors 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 Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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.

Michael Heys (Senior Statutory Auditor)  
for and on behalf of Ainsworths Limited  
Chartered Accountants  
and Statutory Auditors  
Charter House  
Stansfield Street  
Nelson  
Lancashire  
BB9 9XY

27th March 2019



**CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2018**

	Notes	30.6.18 £	£	30.6.17 £	£
<b>TURNOVER</b>	3		<b>65,988,468</b>		76,369,871
Cost of sales			<b>56,180,534</b>		65,318,665
<b>GROSS PROFIT</b>			<b>9,807,934</b>		11,051,206
Distribution costs		<b>951,339</b>		923,473	
Administrative expenses		<b>4,312,482</b>		3,585,498	
			<b>5,263,821</b>		4,508,971
			<b>4,544,113</b>		6,542,235
Other operating income			<b>71,799</b>		65,883
<b>OPERATING PROFIT</b>	5		<b>4,615,912</b>		6,608,118
Profit on sale of investment property	6		<b>212,241</b>		630,852
			<b>4,828,153</b>		7,238,970
Interest receivable and similar income			<b>9,032</b>		5,400
			<b>4,837,185</b>		7,244,370
Interest payable and similar expenses	7		<b>165,398</b>		143,503
<b>PROFIT BEFORE TAXATION</b>			<b>4,671,787</b>		7,100,867
Tax on profit	8		<b>733,359</b>		1,147,185
<b>PROFIT FOR THE FINANCIAL YEAR</b>			<b>3,938,428</b>		5,953,682
Profit attributable to: Owners of the parent			<b>3,938,428</b>		5,953,682

The notes form part of these financial statements

**CONSOLIDATED OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30TH JUNE 2018**

	Notes	30.6.18 £	30.6.17 £
<b>PROFIT FOR THE YEAR</b>		<b>3,938,428</b>	<b>5,953,682</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b><u>3,938,428</u></b>	<b><u>5,953,682</u></b>
Total comprehensive income attributable to: Owners of the parent		<b><u>3,938,428</u></b>	<b><u>5,953,682</u></b>

**CONSOLIDATED BALANCE SHEET**  
**30TH JUNE 2018**

	Notes	30.6.18 £	£	30.6.17 £	£
<b>FIXED ASSETS</b>					
Tangible assets	11		9,072,594		8,742,701
Investments	12		-		-
Investment property	13		476,260		2,653,660
			<u>9,548,854</u>		<u>11,396,361</u>
<b>CURRENT ASSETS</b>					
Stocks	14	65,551,131		47,494,236	
Debtors	15	1,821,073		3,528,685	
Cash at bank and in hand		<u>13,151,399</u>		<u>12,289,392</u>	
		80,523,603		63,312,313	
<b>CREDITORS</b>					
Amounts falling due within one year	16	<u>42,490,962</u>		<u>29,987,002</u>	
<b>NET CURRENT ASSETS</b>			<u>38,032,641</u>		<u>33,325,311</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			47,581,495		44,721,672
<b>CREDITORS</b>					
Amounts falling due after more than one year	17		<u>2,565,058</u>		<u>3,268,663</u>
<b>NET ASSETS</b>			<u>45,016,437</u>		<u>41,453,009</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	20		100		100
Retained earnings	21		<u>45,016,337</u>		<u>41,452,909</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>45,016,437</u>		<u>41,453,009</u>

The financial statements were approved by the Board of Directors on 27th March 2019 and were signed on its behalf by:

Mr P J Livesey - Director

**COMPANY BALANCE SHEET**  
**30TH JUNE 2018**

	Notes	30.6.18 £	£	30.6.17 £	£
<b>FIXED ASSETS</b>					
Tangible assets	11		<b>2,409,552</b>		2,359,965
Investments	12		<b>3,787,714</b>		2,808,180
Investment property	13		<u>-</u>		<u>-</u>
			<b>6,197,266</b>		5,168,145
<b>CURRENT ASSETS</b>					
Stocks	14	<b>38,424</b>		30,150	
Debtors	15	<b>34,469,455</b>		31,164,487	
Cash at bank and in hand		<u><b>8,852,642</b></u>		<u>9,058,547</u>	
		<b>43,360,521</b>		<b>40,253,184</b>	
<b>CREDITORS</b>					
Amounts falling due within one year	16	<u><b>9,851,344</b></u>		<u>7,378,327</u>	
<b>NET CURRENT ASSETS</b>			<u><b>33,509,177</b></u>		<u>32,874,857</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>39,706,443</b>		38,043,002
<b>CREDITORS</b>					
Amounts falling due after more than one year	17		<u><b>121,308</b></u>		<u>249,914</u>
<b>NET ASSETS</b>			<u><b>39,585,135</b></u>		<u>37,793,088</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	20		<b>100</b>		100
Retained earnings	21		<u><b>39,585,035</b></u>		<u>37,792,988</u>
<b>SHAREHOLDERS' FUNDS</b>			<u><b>39,585,135</b></u>		<u>37,793,088</u>
Company's profit for the financial year			<u><b>2,167,047</b></u>		<u>4,354,326</u>

The financial statements were approved by the Board of Directors on 27th March 2019 and were signed on its behalf by:

Mr P J Livesey - Director

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2018**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Total equity £</b>
<b>Balance at 1st July 2016</b>	100	36,249,227	36,249,327
<b>Changes in equity</b>			
Dividends	-	(750,000)	(750,000)
Total comprehensive income	-	5,953,682	5,953,682
<b>Balance at 30th June 2017</b>	100	41,452,909	41,453,009
<b>Changes in equity</b>			
Dividends	-	(375,000)	(375,000)
Total comprehensive income	-	3,938,428	3,938,428
<b>Balance at 30th June 2018</b>	100	45,016,337	45,016,437

The notes form part of these financial statements

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2018**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Total equity £</b>
<b>Balance at 1st July 2016</b>	100	34,188,662	34,188,762
<b>Changes in equity</b>			
Dividends	-	(750,000)	(750,000)
Total comprehensive income	-	4,354,326	4,354,326
<b>Balance at 30th June 2017</b>	100	37,792,988	37,793,088
<b>Changes in equity</b>			
Dividends	-	(375,000)	(375,000)
Total comprehensive income	-	2,167,047	2,167,047
<b>Balance at 30th June 2018</b>	100	39,585,035	39,585,135

The notes form part of these financial statements

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2018**

		<b>30.6.18</b>	<b>30.6.17</b>
	Notes	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	<b>(8,994,030)</b>	8,933,613
Interest paid		<b>(165,398)</b>	(143,503)
Tax paid		<b>(953,735)</b>	(14,429)
Net cash from operating activities		<b><u>(10,113,163)</u></b>	<b><u>8,775,681</u></b>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		<b>(857,867)</b>	(6,407,676)
Sale of tangible fixed assets		<b>11,000</b>	-
Sale of investment property		<b>2,389,641</b>	1,616,102
Interest received		<b>9,032</b>	5,400
Net cash from investing activities		<b><u>1,551,806</u></b>	<b><u>(4,786,174)</u></b>
<b>Cash flows from financing activities</b>			
New loans in year		<b>29,899,041</b>	4,025,000
Capital repayments in year		<b>(20,181,962)</b>	(3,397,750)
Amount introduced by directors		<b>81,285</b>	-
Amount withdrawn by directors		<b>-</b>	(178,261)
Equity dividends paid		<b>(375,000)</b>	(750,000)
Net cash from financing activities		<b><u>9,423,364</u></b>	<b><u>(301,011)</u></b>
<b>Increase in cash and cash equivalents</b>		<b><u>862,007</u></b>	<b><u>3,688,496</u></b>
<b>Cash and cash equivalents at beginning of year</b>	2	<b>12,289,392</b>	8,600,896
<b>Cash and cash equivalents at end of year</b>	2	<b><u>13,151,399</u></b>	<b><u>12,289,392</u></b>

The notes form part of these financial statements

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	<b>30.6.18</b>	<b>30.6.17</b>
	<b>£</b>	<b>£</b>
Profit before taxation	<b>4,671,787</b>	7,100,867
Depreciation charges	<b>527,974</b>	183,905
Profit on disposal of fixed assets	<b>(223,242)</b>	(630,852)
Finance costs	<b>165,398</b>	143,503
Finance income	<b>(9,032)</b>	(5,400)
	<b>5,132,885</b>	6,792,023
Increase in stocks	<b>(18,056,895)</b>	(1,735,759)
Decrease/(increase) in trade and other debtors	<b>1,694,149</b>	(581,196)
Increase in trade and other creditors	<b>2,235,831</b>	4,458,545
<b>Cash generated from operations</b>	<b>(8,994,030)</b>	8,933,613

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 30th June 2018**

	<b>30.6.18</b>	<b>1.7.17</b>
	<b>£</b>	<b>£</b>
Cash and cash equivalents	<b>13,151,399</b>	<b>12,289,392</b>

**Year ended 30th June 2017**

	<b>30.6.17</b>	<b>1.7.16</b>
	<b>£</b>	<b>£</b>
Cash and cash equivalents	<b>12,289,392</b>	<b>8,600,896</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2018**

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**1. STATUTORY INFORMATION**

P.J. Livesey Holdings Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

**Basis of consolidation**

The consolidated financial statements include the company and its subsidiary undertakings.

**Significant judgements and estimates**

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

Stocks

Stocks are valued in accordance with the accounting policy given. Costs incurred in pursuing the acquisition of prospective sites are initially recognised as work in progress. Management make judgements at regular milestones as to whether such costs should be expensed to the income statement or carried forwards as work in progress based on the likelihood of prospective sites being acquired, planning permission being granted and subsequently progressing into future developments.

The following are the Group's key sources of estimation uncertainty:

Revaluation of investment properties

The Group carries its investment property at fair value, with changes in fair value being recognised in the income statement. The Group values its investment property using an estimated yield applied to the income generated by the investment property. The estimated yield is based on anticipated market yields.

Estimation of future income and costs to complete

In order to determine the profit the Group is able to recognise on its developments in a particular period, it has to estimate costs to complete on such developments and make estimates relating to future sales price margins on those developments. In making these assessments there is a degree of inherent uncertainty. The Group has developed internal controls to assess and review carrying values and the appropriateness of the estimates made.

If estimated future income less costs to complete is anticipated to be lower than costs incurred to date, then full provision is made in the period in which such a loss is first foreseen.

**Turnover**

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover from the sale of property is recognised on legal completion.

Rental income is primarily generated from short term hires of the group's fleet. The income is recognised as the fleet is utilised by renters.

Ground rent received on investment properties is recognised on an accruals basis.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30TH JUNE 2018**

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**2. ACCOUNTING POLICIES - continued**

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 2% on cost
Workshop plant and machinery	- 20% on cost and 10% - 25% on cost
Office fixtures and fittings	- 20% on cost
Fleet	- 5% - 20% on cost and 10% - 25% on cost
Site vehicles, plant and machinery	- 20% on cost

Tangible fixed assets are capitalised at cost.

**Investment property**

Investment property consists of freehold ground rent assets and are shown at the most recent valuation. Any aggregate surplus of deficit arising from changes in fair value is recognised in the income statement. Any gain or loss arising on disposal is recognised in the income statement.

**Stocks**

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost includes all direct expenditure and an appropriate proportion of overheads.

Net realisable value is based on estimated selling price less all further costs to completion and disposal.

**Financial instruments**

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit and loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction the financial asset or liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

The following assets and liabilities are classified as financial instruments:

Investments in subsidiaries, trade debtors, trade creditors, hire purchase contracts, bank loans, directors' loans and inter group balances.

Trade debtors, trade creditors, and directors' loans and inter group balances (being repayable on demand) are measured at the undiscounted amount of cash or other consideration expected to be paid or received.

Hire purchase contracts and bank loans are initially measured at the present value of future payments, discounted at a market rate of interest and subsequently at amortised cost using the effective interest method.

Financial assets are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found an impairment loss is recognised in profit and loss.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30TH JUNE 2018**

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**2. ACCOUNTING POLICIES - continued**

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

**Pension costs and other post-retirement benefits**

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

Payments in respect of other post-retirement benefits are charged to profit or loss in the period to which they relate.

**Construction contracts**

Turnover is recognised on construction contracts on issue of building valuation certificates.

Costs incurred on construction contracts are recognised as work in progress and transferred to the income statement when a building valuation certificate is issued.

**Investments in subsidiaries**

Investments in subsidiary undertakings are recognised at cost less impairment in the individual financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30TH JUNE 2018**

**3. TURNOVER**

An analysis of turnover by class of business is given below:

	30.06.18	30.06.17
	£	£
Sale of residential property	65,074,000	70,076,091
Construction contracts	26,800	5,797,223
Lease rentals	823,817	444,833
Ground rents	63,851	51,724
	<u>65,988,468</u>	<u>76,369,871</u>

**4. EMPLOYEES AND DIRECTORS**

	30.06.18	30.06.17
	£	£
Wages and salaries	6,492,900	6,594,647
Social security costs	828,875	835,159
Other pension costs	97,295	71,136
	<u>7,419,070</u>	<u>7,500,942</u>

The average monthly number of employees during the year was as follows:

	30.06.18	30.06.17
Office and management	93	106
Production and sales	46	44
	<u>139</u>	<u>150</u>

Remuneration in respect of directors was as follows:

	30.06.18	30.06.17
	£	£
Directors' remuneration	2,145,906	1,419,253
Defined contribution pension schemes	58,960	40,000
	<u>2,204,866</u>	<u>1,459,253</u>

The number of directors to whom retirement benefits were accruing was as follows:

	30.06.18	30.06.17
Defined contribution pension schemes	<u>8</u>	<u>3</u>

Information regarding the highest paid director is as follows:

	30.06.18	30.06.17
	£	£
Directors' remuneration	255,386	241,826
Defined contribution pension schemes	495	-
	<u>255,881</u>	<u>241,826</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30TH JUNE 2018

## 5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	30.6.18	30.6.17
	£	£
Hire of plant and machinery	3,955	4,061
Depreciation - owned assets	527,974	183,905
Profit on disposal of fixed assets	(11,000)	-
Foreign exchange differences	18,611	12,581
Auditors' remuneration - company	2,500	2,500
Auditors' remuneration - subsidiaries	22,500	22,500
Auditors' remuneration - taxation compliance services	2,000	2,000
Operating lease rentals	<u>458,981</u>	<u>405,439</u>

## 6. EXCEPTIONAL ITEMS

	30.6.18	30.6.17
	£	£
Profit on sale of investment property	<u>212,241</u>	<u>630,852</u>

## 7. INTEREST PAYABLE AND SIMILAR EXPENSES

	30.6.18	30.6.17
	£	£
Bank interest	12,831	10,079
Other interest	9,889	182
Loan interest	<u>142,678</u>	<u>133,242</u>
	<u>165,398</u>	<u>143,503</u>

During the year, interest payable amounting to £437,209 (2017: £397,824) has been capitalised within the development cost of properties for resale.

## 8. TAXATION

## Analysis of the tax charge

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

	30.6.18	30.6.17
	£	£
Current tax:		
UK corporation tax	<u>733,359</u>	<u>1,147,185</u>
Tax on profit	<u>733,359</u>	<u>1,147,185</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30TH JUNE 2018

## 8. TAXATION - continued

**Reconciliation of total tax charge included in profit and loss**

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

	30.6.18 £	30.6.17 £
Profit before tax	<u>4,671,787</u>	<u>7,100,867</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.751%)	887,640	1,402,492
Effects of:		
Expenses not deductible for tax purposes	5,869	3,396
Capital allowances in excess of depreciation	(154,932)	(226,469)
Utilisation of tax losses	(12,272)	(32,330)
Other items	8,465	96
Indexation allowance	(1,411)	-
Total tax charge	<u>733,359</u>	<u>1,147,185</u>

The group has trading losses amounting to approximately £1,400,000 available to be utilised against future trading profits.

## 9. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

## 10. DIVIDENDS

	30.6.18 £	30.6.17 £
Ordinary shares of £1 each		
Interim	<u>375,000</u>	<u>750,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30TH JUNE 2018

## 11. TANGIBLE FIXED ASSETS

## Group

	Freehold property £	Workshop plant and machinery £	Office fixtures and fittings £
<b>COST</b>			
At 1st July 2017	1,570,000	670,373	1,202,537
Additions	-	-	21,139
At 30th June 2018	1,570,000	670,373	1,223,676
<b>DEPRECIATION</b>			
At 1st July 2017	157,000	513,082	1,188,714
Charge for year	31,400	37,580	12,898
At 30th June 2018	188,400	550,662	1,201,612
<b>NET BOOK VALUE</b>			
At 30th June 2018	1,381,600	119,711	22,064
At 30th June 2017	1,413,000	157,291	13,823

	Fleet £	Site vehicles, plant and machinery £	Totals £
<b>COST</b>			
At 1st July 2017	7,410,170	283,077	11,136,157
Additions	662,528	174,200	857,867
At 30th June 2018	8,072,698	457,277	11,994,024
<b>DEPRECIATION</b>			
At 1st July 2017	251,583	283,077	2,393,456
Charge for year	430,321	15,775	527,974
At 30th June 2018	681,904	298,852	2,921,430
<b>NET BOOK VALUE</b>			
At 30th June 2018	7,390,794	158,425	9,072,594
At 30th June 2017	7,158,587	-	8,742,701

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30TH JUNE 2018

## 11. TANGIBLE FIXED ASSETS - continued

## Company

	Freehold property £	Workshop plant and machinery £	Office fixtures and fittings £
<b>COST</b>			
At 1st July 2017	1,570,000	275,531	1,194,541
Additions	-	-	21,139
At 30th June 2018	<u>1,570,000</u>	<u>275,531</u>	<u>1,215,680</u>
<b>DEPRECIATION</b>			
At 1st July 2017	157,000	275,531	1,180,718
Charge for year	31,400	-	12,898
At 30th June 2018	<u>188,400</u>	<u>275,531</u>	<u>1,193,616</u>
<b>NET BOOK VALUE</b>			
At 30th June 2018	<u>1,381,600</u>	-	<u>22,064</u>
At 30th June 2017	<u>1,413,000</u>	-	<u>13,823</u>

	Fleet £	Site vehicles, plant and machinery £	Totals £
<b>COST</b>			
At 1st July 2017	1,184,725	283,077	4,507,874
Additions	33,374	174,200	228,713
At 30th June 2018	<u>1,218,099</u>	<u>457,277</u>	<u>4,736,587</u>
<b>DEPRECIATION</b>			
At 1st July 2017	251,583	283,077	2,147,909
Charge for year	119,053	15,775	179,126
At 30th June 2018	<u>370,636</u>	<u>298,852</u>	<u>2,327,035</u>
<b>NET BOOK VALUE</b>			
At 30th June 2018	<u>847,463</u>	<u>158,425</u>	<u>2,409,552</u>
At 30th June 2017	<u>933,142</u>	-	<u>2,359,965</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30TH JUNE 2018

12. FIXED ASSET INVESTMENTS

Company

Shares in  
group  
undertaking  
£

**COST**

At 1st July 2017	2,808,180
Additions	2,012,701
Impairments	(1,033,167)
At 30th June 2018	3,787,714
<b>NET BOOK VALUE</b>	
At 30th June 2018	3,787,714
At 30th June 2017	2,808,180

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Name of company	Class of shares	% Holding	Nature of business
P J Livesey South Limited	Ordinary	100.00	Intermediate parent company
P J Livesey North Limited	Ordinary	100.00	Intermediate parent company
P J Livesey Group Limited	Ordinary	100.00	Intermediate parent company
P J Livesey (Manufacturing) Limited	Ordinary	100.00	Manufacture of furniture
P J Livesey Living Space Limited	Ordinary	100.00	Construction of residential property
P J Livesey Country Homes Limited	Ordinary	100.00	Construction of residential property
P J Livesey Country Homes (Merseyside) Limited	Ordinary	100.00	Construction of residential property
P J Livesey Living Space (12) Limited	Ordinary	100.00	Construction of residential property
P J Livesey Country Homes (Eastern) Limited	Ordinary	100.00	Construction of residential property
P J Livesey Heritage Homes North West Limited	Ordinary	100.00	Construction of residential property
P J Livesey Living Space (North) Limited	Ordinary	100.00	Construction of residential property
P J Livesey Living Space (11) Limited	Ordinary	100.00	Construction of residential property
P J Livesey South Eastern Limited	Ordinary	100.00	Construction of residential property
P J Livesey Living Space (1) Limited	Ordinary	100.00	Construction of residential property
P J Livesey Living Space (5) Limited	Ordinary	100.00	Construction of residential property
P J Livesey Living Space (6) Limited	Ordinary	100.00	Construction of residential property
P J Livesey Living Space (9) Limited	Ordinary	100.00	Construction of residential property
P J Livesey Homes Limited	Ordinary	100.00	Construction of residential property
P J Livesey Homes (1) Limited	Ordinary	100.00	Construction of residential property

The registered office for all of the above subsidiaries is that of the company and can be found on the company information page.

In addition, the company has control of a Limited Partnership, The Livesey Twilight LP, whose registered office address is the First Floor, Jubilee Buildings, Victoria Street, Douglas, Isle of Man, IM1 2SH. Control is established by virtue of its 100% profit share, in favour of the company. The nature of business is that of an asset leasing company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30TH JUNE 2018

## 13. INVESTMENT PROPERTY

## Group

	Total £
<b>FAIR VALUE</b>	
At 1st July 2017	2,653,660
Disposals	<u>(2,177,400)</u>
At 30th June 2018	<u>476,260</u>
<b>NET BOOK VALUE</b>	
At 30th June 2018	<u>476,260</u>
At 30th June 2017	<u>2,653,660</u>

During the prior year, investment property amounting to £1,998,000 has been transferred from stocks.

Fair value at 30th June 2018 is represented by:

	£
Valuation in 2018	<u>476,260</u>

Investment property was valued on a fair value basis on 30th June 2018 by the directors .

## 14. STOCKS

	Group		Company	
	30.6.18 £	30.6.17 £	30.6.18 £	30.6.17 £
Stocks	38,424	30,150	38,424	30,150
Raw materials	55,222	67,277	-	-
Work-in-progress	65,457,485	47,396,809	-	-
	<u>65,551,131</u>	47,494,236	<u>38,424</u>	30,150

During the year, stocks amounting to £64,082,138 (2017: £64,159,171) were recognised in the income statement, which included impairment losses amounting to £nil (2017: £1,721,916).

As at the balance sheet date, certain property amounting to £62,435,582 (2017: 43,321,874) has been pledged as security against bank loans, as detailed in note 19.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30TH JUNE 2018

## 15. DEBTORS

	Group		Company	
	30.6.18	30.6.17	30.6.18	30.6.17
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	589,227	1,427,582	13,413	1,174,027
Amounts owed by group undertakings	-	-	33,895,065	29,134,966
Other debtors	26,776	100,604	26,758	604
Directors' current accounts	-	13,463	-	13,463
VAT	-	258,238	-	260,459
Prepayments and accrued income	552,940	604,049	534,219	580,968
	<u>1,168,943</u>	<u>2,403,936</u>	<u>34,469,455</u>	<u>31,164,487</u>
Amounts falling due after more than one year:				
Trade debtors	<u>652,130</u>	<u>1,124,749</u>	<u>-</u>	<u>-</u>
Aggregate amounts	<u>1,821,073</u>	<u>3,528,685</u>	<u>34,469,455</u>	<u>31,164,487</u>

## 16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	30.6.18	30.6.17	30.6.18	30.6.17
	£	£	£	£
Bank loans and overdrafts (see note 18)	19,999,999	9,583,951	-	-
Other loans (see note 18)	703,606	698,970	128,606	123,970
Trade creditors	18,481,622	16,350,088	7,795,484	6,060,814
Tax	1,878,035	2,098,412	799,940	698,932
Social security and other taxes	431,073	296,085	417,654	275,055
VAT	39,951	-	37,470	-
Other creditors	323,197	63,810	316,049	20,263
Directors' current accounts	67,822	-	67,822	-
Accruals and deferred income	565,657	895,686	288,319	199,293
	<u>42,490,962</u>	<u>29,987,002</u>	<u>9,851,344</u>	<u>7,378,327</u>

Trade creditors includes land purchase creditors amounting to £10,217,970 (2017: £9,702,000).

## 17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	30.6.18	30.6.17	30.6.18	30.6.17
	£	£	£	£
Other loans (see note 18)	<u>2,565,058</u>	<u>3,268,663</u>	<u>121,308</u>	<u>249,914</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30TH JUNE 2018

## 18. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	30.6.18	30.6.17	30.6.18	30.6.17
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank loans	19,999,999	9,583,951	-	-
Other loans	703,606	698,970	128,606	123,970
	<b>20,703,605</b>	<b>10,282,921</b>	<b>128,606</b>	<b>123,970</b>
Amounts falling due between one and two years:				
Other loans	696,308	703,606	121,308	128,606
Amounts falling due between two and five years:				
Other loans	1,725,000	1,846,308	-	121,308
Amounts falling due in more than five years:				
Repayable by instalments				
Other loans	143,750	718,749	-	-

The other loan within the group is repayable over the period until September 2023. The interest on the loan is 3.75% per annum.

## 19. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	30.6.18	30.6.17	30.6.18	30.6.17
	£	£	£	£
Bank loans	19,999,999	9,583,951	-	-
Other loans	3,268,664	3,967,633	249,914	373,884
Land purchase creditor	8,957,978	7,175,000	-	-
	<b>32,226,641</b>	<b>20,726,584</b>	<b>249,914</b>	<b>373,884</b>

The loans are secured by way of fixed and floating charges and debentures over certain assets held within certain companies within the group.

The land purchase creditors are secured on the land to which the creditor relates. The relevant land is included within stock.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30TH JUNE 2018

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	30.6.18	30.6.17
			£	£
100	Ordinary	£1	<u>100</u>	<u>100</u>

21. RESERVES

Group

	Retained earnings £
At 1st July 2017	41,452,909
Profit for the year	3,938,428
Dividends	(375,000)
At 30th June 2018	<u>45,016,337</u>

Company

	Retained earnings £
At 1st July 2017	37,792,988
Profit for the year	2,167,047
Dividends	(375,000)
At 30th June 2018	<u>39,585,035</u>

22. PENSION COMMITMENTS

The group operates a defined contribution scheme for the benefit of certain employees. The assets of the scheme are administered by trustees in a fund independent from those of the group.

The total contribution paid in the year amounted to £97,295 (2017: £71,136).

23. CONTINGENT LIABILITIES

The company has guaranteed the bank borrowings of some of its subsidiaries. There is a fixed charge over the freehold property of the company in respect of these borrowings.

At 30th June 2018 the net bank borrowings were £8,545,572 (2017: £nil).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30TH JUNE 2018**

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**24. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES**

The following advances and credits to directors subsisted during the years ended 30th June 2018 and 30th June 2017:

	<b>30.6.18</b>	30.6.17
	<b>£</b>	£
<b>P J Livesey and Mrs D A Livesey</b>		
Balance outstanding at start of year	<b>13,464</b>	(219,777)
Amounts advanced	<b>274,418</b>	833,241
Amounts repaid	<b>(300,000)</b>	(600,000)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u><b>(12,118)</b></u>	<u>13,464</u>

Directors loans are unsecured, interest free and repayable on demand.

**25. ULTIMATE CONTROLLING PARTY**

The group is controlled by the director, Mr P J Livesey, by virtue of his majority shareholding.

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