

TERRAMOND DEVELOPMENTS LIMITED

Annual Report and Financial Statements

31 December 2018



ANNUAL REPORT AND FINANCIAL STATEMENTS 2018**CONTENTS**

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TERRAMOND DEVELOPMENTS LIMITED**OFFICERS AND PROFESSIONAL ADVISERS****DIRECTORS**

P C Rinn
U M Pearce-Lynch

REGISTERED OFFICE

West House
Armstrong Way
Yate
Bristol
BS37 5NG

BANKERS

Lloyds TSB Bank plc
55 Corn Street
Bristol
BS99 7LE

National Westminster Bank plc
32 Corn Street
Bristol
BS1 1HQ

SOLICITORS

Osborne Clarke
2 Temple Back East
Temple Quay
Bristol
BS1 6EG

AUDITOR

Frost Wiltshire LLP
Brick House
21 Horse Street
Chipping Sodbury
Bristol
BS37 6DA

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES, REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The principal activity of the company is property development. The directors believe the performance of the company was satisfactory in the current climate.

RESULTS AND DIVIDENDS

The profit before tax for the year was £6,374 (2017: loss of £26,651). The directors do not recommend the payment of a dividend (2017: £nil).

FINANCIAL RISK MANAGEMENT

The directors have reviewed the financial risk management objectives and policies of the company. The company does not as a regular policy enter into hedging instruments, as there is not believed to be any material exposure. It does not enter into any speculative financial instruments.

Appropriate trade terms are negotiated with suppliers and customers and management reviews these terms and the relationships with suppliers and customers and manages any exposure on normal trade terms. The company prepares regular forecasts of cash flow and liquidity and the requirements for additional funding are managed as part of the overall group financing arrangements.

GOING CONCERN

The company meets its day-to-day working capital requirements through the reserves of the company and therefore does not rely on third-party debt.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance resulting from an uncertain property market, show that the company will be able to operate within the level of its current reserves. The company currently has no requirement for third-party debt to service working capital requirements and therefore is not affected by the risks associated with the availability of bank financing.

After making enquiries, the directors have concluded that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

DIRECTORS

The directors who served during the year and subsequently were:

P C Rinn
U M Pearce-Lynch

DIRECTORS' REPORT (continued)

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- (2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The auditor is deemed to be reappointed in accordance with section 487 of the Companies Act 2017.

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Approved by the Board of Directors and signed on behalf of the Board



P C Rinn
Director

17 September 2019

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the annual 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 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), including FRS102 "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 judgments 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. They 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TERRAMOND DEVELOPMENTS LIMITED

Opinion

We have audited the financial statements of Terramond Developments Limited (the 'company') for the year ended 31 December 2018 which comprise the Profit and loss account, Balance sheet, statement of changes in equity and related 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 company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company 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 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.

INDEPENDENT AUDITOR'S REPORT (continued)**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

Opinions 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 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.

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's 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 auditor's 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 Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



Stephen Wiltshire BSc FCA (Senior statutory auditor)
for and on behalf of Frost Wiltshire LLP
Chartered Accountants and Statutory Auditor
Bristol, United Kingdom

17 September 2019

TERRAMOND DEVELOPMENTS LIMITED**PROFIT AND LOSS ACCOUNT**
Year ended 31 December 2018

	Note	2018 £	2017 £
Administrative expenses		(17,626)	(43,853)
Other operating income	4	24,000	17,202
OPERATING PROFIT/(LOSS)	5	6,374	(26,651)
Interest receivable and similar income		-	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		6,374	(26,651)
Tax on profit/(loss) on ordinary activities	6	-	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR BEING TOTAL COMPREHENSIVE INCOME		6,374	(26,651)

All results relate to continuing operations.

TERRAMOND DEVELOPMENTS LIMITED**BALANCE SHEET**
At 31 December 2018

	Note	2018 £	2017 £
FIXED ASSETS			
Investments	7	2	2
CURRENT ASSETS			
Stocks	8	165,744	165,744
Debtors			
- due within one year	9	300,000	301,251
- due after one year	10	2,149,726	2,400,262
Cash at bank		279,511	13,942
		<u>2,894,981</u>	<u>2,715,455</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	<u>(728,428)</u>	<u>(721,018)</u>
NET CURRENT ASSETS		<u>2,166,553</u>	<u>1,994,437</u>
TOTAL ASSETS LESS CURRENT LIABILITIES, BEING NET ASSETS		<u>2,166,555</u>	<u>2,160,181</u>
CAPITAL AND RESERVES			
Called up share capital	12	150,000	150,000
Profit and loss account		2,016,555	2,010,181
SHAREHOLDERS' FUNDS		<u>2,166,555</u>	<u>2,160,181</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with Section 1A of FRS102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

The financial statements of Terramond Developments Limited, registered number 03283210, were approved by the Board of Directors and authorised for issue on 16 September 2019.

Signed on behalf of the Board of Directors



P C Rinn
Director

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2018

	Share capital £	Profit and loss account £	Total equity £
At 1 January 2017	150,000	2,036,832	2,186,832
Loss for the year being total comprehensive income	-	(26,651)	(26,651)
At 31 December 2017 and 1 January 2018	150,000	2,010,181	2,160,181
Loss for the year being total comprehensive income	-	6,374	6,374
At 31 December 2018	150,000	2,016,555	2,166,555

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

1. GENERAL INFORMATION

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is disclosed on page 1.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' and with the Companies Act 2006.

3. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

The company meets its day-to-day capital requirements through the reserves of the company and therefore does not rely on any third party debt.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance resulting from an uncertain property market, show that the company will be able to operate within the level of its current reserves. The company currently has no requirement for third-party debt to service working capital requirements and therefore is not affected by the risks associated with the availability of bank financing.

After making enquiries, the directors have concluded that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Turnover

Turnover represents sales of land and commercial properties during the year net of value added tax. Sales of land and properties are included in turnover upon legal completion. All sales are made within the United Kingdom.

Other operating income

Rental income is recognised, net of value added tax, on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2018**3. ACCOUNTING POLICIES (continued)****Taxation**

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in capital and reserves. In this case, tax is recognised in other comprehensive income or directly in capital and reserves, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and appropriate production overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal.

Finance costs which are directly attributable to the production of stocks are capitalised as part of the cost of those assets. The capitalisation commences on purchase of the land for development and will cease at the end of the period of production.

Impairment

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

When it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2018

3. ACCOUNTING POLICIES (continued)
Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event; it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the Balance sheet and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised in finance costs in profit or loss in the period it arises.

Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable.

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

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 the Profit and Loss Account.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

4. OTHER OPERATING INCOME	2018	2017
	£	£
Rental income	24,000	17,202

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2018

5. OPERATING LOSS

	2018	2017
	£	£
Operating loss is stated after charging:		
Auditor's remuneration:		
- audit services	2,000	2,000

During 2018, the average number of directors was three (2017: three). No director received remuneration for services to the company in the current or prior year. The directors were remunerated through Terramond Limited. It is not practicable to allocate their remuneration between their services as directors of this company and as directors of Terramond Limited. The remuneration details of the directors are disclosed in the financial statements of Terramond Limited.

There were no employees other than the directors in the current or prior year.

6. TAX ON LOSS ON ORDINARY ACTIVITIES

	2018	2017
	£	£
Current tax		
United Kingdom corporation tax at 19.00% (2017: 19.25%)	-	-
Tax on loss on ordinary activities	-	-

Factors affecting the tax charge

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 19.00% (2017: 19.25%). The current tax charge for the current and prior year differs for the reasons set out in the following reconciliation:

	£	£
Loss on ordinary activities before tax	6,374	(26,651)
	£	£
Tax on loss on ordinary activities at standard rate	1,211	(5,129)
Factors affecting the charge:		
Disallowable expenses	1,140	-
Movement in unrecognised deferred tax	(2,351)	5,129
Current tax for the year	-	-

A deferred tax asset of £80,935 (2017: £92,799) has not been recognised due to uncertainty over when sufficient profits will be generated to utilise the asset. The forthcoming reduction in the corporation tax rate to is not expected to materially affect the future tax charge.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2018

7. INVESTMENTS HELD AS FIXED ASSETS

	£
Cost	
At 31 December 2018	2
	<u> </u>

The investments are in respect of joint venture partnerships, those being:

	Country of incorporation	Activity	Holding
Terramond Properties LLP (joint venture)	England	Site development	33%
Terramond Severnside LLP (joint venture)	England	Site development	33%

8. STOCKS

	2018 £	2017 £
Work in progress	165,744	165,744
	<u> </u>	<u> </u>

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Other debtors	50,000	51,251
Amounts owed by related parties	250,000	250,000
	<u>300,000</u>	<u>301,251</u>

10. DEBTORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2018 £	2017 £
Amounts owed by related parties	2,149,726	2,400,262
	<u> </u>	<u> </u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade creditors	-	80
Amounts owed to related parties	608,629	599,030
Accruals and deferred income	119,799	121,908
	<u>728,428</u>	<u>721,018</u>

TERRAMOND DEVELOPMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 December 2018**

12. CALLED UP SHARE CAPITAL	2018 £	2017 £
Allotted, called up and fully paid		
150,000 £1 Ordinary shares	<u>150,000</u>	<u>150,000</u>

13. RELATED PARTY TRANSACTIONS

At the year-end, Terramond Developments Limited was owed £2,399,726 (2017: £2,400,262) as a loan from Terramond Limited, a company under common control, which is disclosed within debtors. During the year, Terramond Limited recharged £nil (2017: £6,067) of expenses incurred on behalf of Terramond Developments Limited. At the year-end £608,629 (2017: £599,030) was owed to Terramond Limited in respect of such expenses. Terramond Developments Limited and Terramond Limited share mutual directors and ultimate shareholders.

At the year-end, Terramond Developments Limited was owed £nil (2017: £250,000) from Terramond Properties LLP which is disclosed within debtors. Terramond Properties LLP and Terramond Developments Limited share ultimate shareholders.

14. CONTROLLING PARTY

The controlling parties are considered to be the two shareholders D F Lynch and P C Rinn.