

St Mark Homes Plc

Report and Consolidated Financial Statements

Year Ended

31 December 2018

Company Number 03822978



St Mark Homes Plc

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

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Directors

Bernard Tansey
Sean Ryan
William Gair
Barry Tansey
John Connolly

Secretary and registered office

Barry Tansey
No 1 Railshead Road
St Margarets
Old Isleworth
Middlesex
TW7 7EP

Company number

03822978

Auditors

Kingston Smith LLP
Chartered Accountants and Registered Auditors
Devonshire House
60 Goswell Road
London
EC1M 7AD

St Mark Homes Plc

Strategic Report for the year ended 31 December 2018

The directors present their strategic report for the year ended 31 December 2018.

Review of the business

The Group continues to develop residential led projects located in London and the Southern regions of the United Kingdom. We primarily target the sub £1,000 per square foot residential sales market with a particular emphasis on developing schemes which consist of units that can be made available for sale under the £600,000 London Help to Buy limit.

The Group typically undertakes its business within special purpose vehicles and on a joint venture/profit sharing basis with other house builders. This strategy has helped the Group to generate profits and increase distributions to shareholders in recent years. 2018 has however been difficult with customers being slower to commit to sales and an element of profit on the completed Hounslow scheme therefore deferred into 2019. The Group profit before tax for the current year amounted to £117,442 (2017: £383,738). In spite of a challenging environment for residential developers in our geographic niche dividend distributions to shareholders were maintained at 5.5p per share.

Our strategic priorities

Following the merger with St Mark Contracts Limited and successful bond raising in late 2017/early 2018, the Board are keen to grow the Group into a significant regional house builder. We have an established and profitable method of operation and with an expanded capital base, we intend to participate in additional projects in the coming years.

We believe the key Group assets are its people, capital base and market listing. Our primary aim is to maximise shareholder value by utilising each of these assets to best effect. We also are committed to the highest standards of sustainability.

People and partnering

We have an intentionally small but experienced team with demonstrable competency in the areas of finance, property development, project appraisal and project delivery. Our strategy is to match those core skills and our capital with partners who can assist with project design, construction and sales. Our people are motivated through a management incentive scheme which aligns their interests with that of the shareholders and only rewards performance after attainment of profit targets linked to the return on shareholders funds.

Capital

The Group commenced 2018 with a capital base just over £5.87m (2017: £5.79m). We have previously set a performance target to grow that base by a minimum of 5% on opening shareholders funds per annum through organic growth. In 2018 we achieved a pre-tax profit of 2% (2017: 6.6 %) on opening shareholders funds.

The Group successfully launched a corporate bond with the assistance of Crowdstacker Limited in September 2017. The 30 month bond (which carries a 6% coupon) closed in February 2019 having raised £3.465m gross. The Directors are delighted with the success of the bond raising.

NEX Exchange Listing

The market mid-price on 30 May 2019 of £0.875 represents a discount of 33% to the net asset value of £1.30 per share reported at 31 December 2018. The 2018 dividend yield based on this market mid price is 6.28%.

We will continue to monitor the effectiveness of the market and as the Group grows we may in future consider a move to AIM. In the interim the Board believe the continued expansion of the capital base and the continuation of profit and dividend growth are steps that can broaden investor appeal.

St Mark Homes Plc

Strategic Report for the year ended 31 December 2018 (continued)

Sustainability

We recognise that there are financial and operational benefits of working sustainably and we are committed to the highest standards of sustainability. While many environmental requirements are embedded within the planning process, sustainability is a broader issue than that and encompasses both Health & Safety and the supply chain.

Health & Safety continues to remain the Group's first priority and we work with our joint venture partners to attain best practice standards. We are happy to report that there were no reportable incidents on any of our projects during 2018 and we remain committed to the highest standards of Health & Safety.

Having the right supply chain is also crucial to sustainability. We do have long term working relationships with our main suppliers but continue to carefully monitor the financial health of our design teams and main contractors. We aim to pay suppliers to agreed timescales and to work collaboratively with them for the benefit of all.

Project Portfolio

At present we have live joint venture projects on sites in Sutton, Hounslow, Battersea and Wembley which we anticipate will deliver profits in 2019 and 2020. As these projects are completed we will seek replacement schemes.

Completed Developments

St Margarets Waterside, Richmond, London:

The Group has completed sale of the final two residential properties on this project. In accordance with our revenue recognition policy we have recognised profits of £35,258 (2017: £46,316) and project management fees of £nil (2017: £13,500) during 2018.

Continuing Developments

Sutton High Street, Sutton:

The Group retains a 40% interest in a development site at Sutton High Street. Our joint venture partner submitted an application for a comprehensive redevelopment of the site for a mixed use scheme (ie residential and commercial) with ground floor commercial element of the proposed project pre-let (subject to planning). Planning permission was refused in April 2018. The joint venture partners have appealed that decision to the Planning Inspectorate and a two day hearing is scheduled to commence on 18 June 2019 with a formal decision expected during summer 2019.

Gwynne Road, London SW11:

The Group has a 40% interest in the redevelopment of this site with its joint venture partner. The project was completed after the year end providing a mixed use development of commercial/retail at ground and mezzanine levels and 33 residential flats above.

At 31 December sale contracts have been legally exchanged on the affordable housing element of the scheme. In accordance with our revenue recognition policy we have recognised a loss of £7,643 (2017: £123,520 profit) and project management fees of £43,200 (2017: £43,200) during 2018. Since the year end the entire private residential housing sector of the project has been legally completed and sold.

St Mark Homes Plc

Strategic Report for the year ended 31 December 2018 (continued)

London Road, Hounslow TW3:

The Group holds a joint venture interest of 40% in the development of 34 flats in Hounslow with its development partners. The construction works on site were completed at the end of July 2018. A total of 15 residential units had either legally exchanged or legally completed at 31 December 2018. In accordance with our revenue recognition policy we have recognised a profit of £134,703 (2017: £119,895) and project management fees of £43,200 (2017: £43,200) during 2018. Sales progress has been strong since the year end with a further 10 units legally completed with the remaining 9 units all now sale agreed.

Heron House, Wembley

The Group has a joint venture interest of up to 40% in the development of 40 flats and commercial space in Wembley. Project management fees of £208,000 were recognised during 2018 (2017: £16,000).

Future Developments

As capital and profits are released from the current project portfolio the Board will seek out further opportunities with similar risk profiles. The Group's schemes have largely been in the outer London Boroughs and it is intended that the Group will continue to focus on this geographic area.

Principal risks and uncertainties

The Group is exposed to the usual risks of companies constructing and developing residential property, including construction budget overruns, delays in programme, insolvency of clients, general economic conditions, project availability, uninsured calamities and other factors.

Investments are made in sterling and therefore the Group is not subject to foreign exchange risks. The Group's credit risk is primarily attributable to its trade debtors. Credit risk is managed by monitoring payments against contractual agreements. The Group also reviews the financial standings of its debtors prior to entering into significant contracts.

Key Performance Indicators

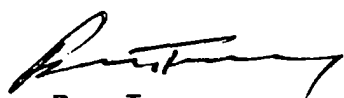
The Group's long term performance target has been to generate a minimum average annual return on shareholders funds of 5%. During 2018 the annual pre-tax return on shareholders' funds was 2% (2017: 6.6%). The sales market has been challenging in 2018 and extended sales periods have impacted profit recognition in 2018. More positively sales progress has been good since the year end with Hounslow and Gwynne Road both generating profit in the first half of 2019.

The Group also seeks protection from market downturns by committing no more than 50% of its capital to any one project and by requiring projects in which it is a stakeholder to show a minimum return on cost of 15%. During 2018 the maximum exposure of capital to any one project was less than 40% of the Group capital.

Treasury policy

Operations have been financed by the issue of shares in the past and retained profits, the cash from which has been invested in short term cash deposits. In addition, various financial instruments such as trade debtors and trade creditors arise directly from the Group's operations. Loans have been funded by the cash income from previous development projects. In 2017 and 2018 the 6% bond has also funded the loans to joint venture partners. Further information on financial instruments is contained in note 22 of the financial statements.

On behalf of the Board



Barry Tansey
Chief Executive
Date: 30 May 2019

St Mark Homes Plc

Report of the directors for the year ended 31 December 2018

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

In accordance with s414c (11) of the Companies Act 2006 the directors have chosen to include information about future developments and principal risks and uncertainties within the Strategic Report.

Principal Activity

The principal activity of the Group remained that of a residential contractor and house builder.

Results and dividends

The profit and loss account is set out on page 12 and we are pleased to report a profit before taxation of £117,442 (2017: £383,738) for the year.

An interim ordinary dividend of 5.5p per share was paid in 2018 (2017: 5.5p).

The directors do not recommend the payment of a final ordinary share dividend for the year (2017: £Nil).

Directors

William Gair retired by rotation at the June 2018 Annual General Meeting and, being eligible, for re-election was duly re-elected to the board.

Bernard Tansey is to retire by rotation at the next Annual General Meeting and, being eligible, offers himself for re-election.

Directors Interests

The aggregate interests of the Directors of the Company and their spouses is 885,212 shares (20.0% percent of the issued capital of the Company):

Bernard Tansey: 530,000 shares 12.0% (2017 530,000 shares 12.0%)

Barry Tansey: 117,300 shares 2.6% (2017 117,300 shares 2.6%)

Sean Ryan: 184,912 shares 4.2% (2017: 184,912 shares 4.2%)

William Gair: 33,000 shares 0.7% (2017: 33,000 shares 0.7%)

John Connolly: 20,000 shares 0.5% (2017: 20,000 shares 0.5%)

In addition, members of the family of the Chairman, Bernard Tansey, and Chief Executive Officer, Barry Tansey own an additional 225,980 shares 5.12% of the issued share capital (2017: 225,980 shares 5.12%).

Directors Emoluments

The Company has an established incentive/reward system designed to allow the directors of the Group to share in the improving profitability of the Group upon achieving a threshold/hurdle return of 5% on opening shareholders funds for the exclusive benefit of the ordinary shareholders. The remuneration committee believe that has acted as an important driver in achieving improved performance for the long term benefit of the Company's shareholders.

St Mark Homes Plc

Report of the directors for the year ended 31 December 2018 (Continued)

Going Concern

The directors have assessed the Group's projected business activities and available financial resources together with detailed forecasts for cash flow and relevant security analysis. The directors believe that the Group is well placed to manage its business risks successfully.

After making appropriate enquiries the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

Auditors

In accordance with section 489 of the Companies Act 2006, a resolution proposing that Kingston Smith LLP be reappointed as auditors of the company will be put to a General Meeting.

Statement of disclosure to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the Board



Sean Ryan

Director:

Date: 30 May 2019

St Mark Homes Plc

Directors' Responsibilities Statement

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.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

St Mark Homes Plc

Independent Auditors' Report to the Members of St Mark Homes Plc

Opinion

We have audited the financial statements of St Mark Homes Plc ('the parent company') and its subsidiary for the year ended 31 December 2018 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and 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 FRS 102 'The Financial Reporting Standard Applicable in the UK and 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's affairs as at 31 December 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 Auditor's Responsibilities for the audit of 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 as applied to listed entities, 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 or the parent 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.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Audit area and Description

Carrying value of investments and amounts owed by joint venture entities

Given the inherent risks of property development we considered there to be a risk of impairment of the carrying value of investments and the recoverability of amounts owed by joint venture entities. These amounts form a significant proportion of the total assets of the company and the group.

St Mark Homes Plc

Independent Auditors' Report to the Members of St Mark Homes Plc (Continued)

Audit Approach

- We reviewed the joint venture entities' balance sheet and trading results at 31 December 2018 together with the trading projections. We agreed selected items in the balance sheet and trading results to supporting documentation.
- We confirmed that there were no significant post balance sheet events that would indicate an impairment of the carrying value of investments or the amounts owed by joint venture entities at the balance sheet date.

Our application of materiality

The scope and focus of our audit was influenced by our assessment and application of materiality. We define materiality as the magnitude of misstatement that could reasonably be expected to influence the readers and the economic decisions of the users of the financial statements. We use materiality to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements both individually and on the financial statements as a whole.

Due to the nature of the group we considered assets to be the main focus for the users of the financial statements; accordingly this consideration influenced our judgement of materiality. Based on our professional judgement, we determined materiality for the group to be £95,000, based on a percentage of total assets.

An overview of the scope of our audit

The scope of our audit of the group and parent company financial statements involved obtaining an understanding of the group and parent company and its environment, including controls, and assessing the risks of material misstatement at the group and parent company level. The group is audited by one audit team, led by the Senior Statutory Auditor. Our approach in respect of key audit matters is set out in the Key Audit Matters section above.

Other information

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

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

St Mark Homes Plc

Independent Auditors' Report to the Members of St Mark Homes Plc (Continued)

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 strategic report or the directors' report.

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 directors' responsibilities statement set out on page 7, 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 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.

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

St Mark Homes Plc

Independent Auditors' Report to the Members of St Mark Homes Plc (Continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our work, for this report, or for the opinions we have formed.



Date: 31 May 2019

Matthew Banton (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP, Statutory Auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD

St Mark Homes Plc

Consolidated statement of comprehensive income for the year ended 31 December 2018

	Note	2018 £	2017 £
Turnover	3	294,400	120,400
Cost of sales		(27,079)	(22,738)
Gross profit		267,321	97,662
Administrative expenses		(412,937)	(323,058)
Negative goodwill release		37,993	99,256
Operating loss	6	(107,623)	(126,140)
Share of operating profit of joint ventures		162,318	289,731
Interest receivable and similar income	7	266,471	240,434
Interest payable and similar charges	8	(203,724)	(20,287)
Profit on ordinary activities before taxation		117,442	383,738
Taxation on ordinary activities	9	(15,373)	(60,564)
Profit on ordinary activities after taxation		102,069	323,174
Other comprehensive income		-	-
Total comprehensive income		102,069	323,174
Earnings per share – basic and diluted			
Ordinary shares		2.31p	7.32p

The notes on pages 18 to 30 form part of these financial statements.

St Mark Homes Plc

Consolidated Balance sheet at 31 December 2018

	Note	2018 £	2018 £	2017 £	2017 £
Non Current assets					
Tangible fixed assets	11		789		1,052
Intangible fixed assets	12b		-		(37,993)
Investments in joint ventures	14		374,974		728,779
			<u>375,763</u>		<u>691,838</u>
Current assets					
Debtors	13	7,881,758		7,195,865	
Cash at bank and in hand		1,023,754		513,667	
		<u>8,905,512</u>		<u>7,709,532</u>	
Creditors: amounts falling due within one year	15	(76,914)		(179,043)	
Net current assets			<u>8,828,598</u>		<u>7,530,489</u>
Total assets less current liabilities			<u>9,204,361</u>		<u>8,222,327</u>
Creditors: amounts falling due in more than one year	16		(3,465,157)		(2,342,477)
Net assets			<u>5,793,204</u>		<u>5,879,850</u>
Capital and reserves					
Called up share capital	18		2,206,501		2,206,501
Capital redemption reserve			1,009,560		1,009,560
Other reserve			211,822		211,822
Merger reserve			327,060		327,060
Share premium account			375,246		375,246
Profit and loss account			1,609,015		1,749,661
Shareholders' funds			<u>5,793,204</u>		<u>5,879,850</u>

The financial statements were approved by the board of directors and authorised for issue on 30 May 2019.


S Ryan
Director

Company Registration No 03822978

The notes on pages 18 to 30 form part of these financial statements.

St Mark Homes Plc

Company Balance sheet at 31 December 2018

	Note	2018 £	2018 £	2017 £	2017 £
Non Current assets					
Tangible fixed assets	11		789		1,052
Investments	12a		731,480		731,480
			<u>732,269</u>		<u>732,532</u>
Current assets					
Debtors	13	8,256,283		7,792,682	
Cash at bank and in hand		1,013,050		502,461	
		<u>9,269,333</u>		<u>8,295,143</u>	
Creditors: amounts falling due within one year	15	(1,102,817)		(1,066,140)	
		<u></u>		<u></u>	
Net current assets			<u>8,166,516</u>		<u>7,229,003</u>
Total assets less current liabilities			<u>8,898,785</u>		<u>7,961,535</u>
Creditors: amounts falling due in more than one year	16	(3,465,157)		(2,342,477)	
		<u></u>		<u></u>	
Net assets			<u>5,433,628</u>		<u>5,619,058</u>
Capital and reserves					
Called up share capital	18		2,206,501		2,206,501
Capital redemption reserve			1,009,560		1,009,560
Other reserve			211,822		211,822
Merger reserve			327,060		327,060
Share premium account			375,246		375,246
Profit and loss account			1,303,439		1,488,869
			<u>5,433,628</u>		<u>5,619,058</u>
Shareholders' funds			<u>5,433,628</u>		<u>5,619,058</u>

As permitted by section 408 Companies Act 2006, the parent company's profit and loss account has not been included in these financial statements, the result for the financial year was £57,285 (2017: £230,741).

The financial statements were approved by the board of directors and authorised for issue on 30 May 2019.



Sean Ryan
Director

Company Registration No 03822978

The notes on pages 18 to 30 form part of these financial statements.

St Mark Homes Plc

Consolidated Statement of Changes in Equity For the year ended 31 December 2018

	Share Capital	Capital Redemption Reserve	Other Reserve	Merger Reserve	Share Premium	Profit and loss reserves	Total
	£	£	£	£	£	£	£
Balance at 31 December 2016	2,206,501	1,009,560	211,822	327,060	375,246	1,669,202	5,799,391
Profit for the year	-	-	-	-	-	323,174	323,174
Total comprehensive income for the year	-	-	-	-	-	323,174	323,174
Dividend	-	-	-	-	-	(242,715)	(242,715)
Balance at 31 December 2017	2,206,501	1,009,560	211,822	327,060	375,246	1,749,661	5,879,850
Profit for the year	-	-	-	-	-	102,069	102,069
Total comprehensive income for the year	-	-	-	-	-	102,069	102,069
Dividend	-	-	-	-	-	(242,715)	(242,715)
Balance at 31 December 2018	2,206,501	1,009,560	211,822	327,060	375,246	1,609,015	5,739,204

All amounts relate to continuing activities.

The notes on pages 18 to 30 form part of these financial statements.

St Mark Homes Plc

Company Statement of Changes in Equity For the year ended 31 December 2018

	Share Capital £	Capital Redemption Reserve £	Other Reserve £	Merger Reserve £	Share Premium £	Profit and loss reserves £	Total £
Balance at 31 December 2016	2,206,501	1,009,560	211,822	327,060	375,246	1,500,843	5,631,032
Profit for the year	-	-	-	-	-	230,741	230,741
Total comprehensive income for the year	-	-	-	-	-	230,741	230,741
Dividend	-	-	-	-	-	(242,715)	(242,715)
Balance at 31 December 2017	2,206,501	1,009,560	211,822	327,060	375,246	1,488,869	5,619,058
Profit for the year	-	-	-	-	-	57,285	57,285
Total comprehensive income for the year	-	-	-	-	-	57,285	57,285
Dividend	-	-	-	-	-	(242,715)	(242,715)
Balance at 31 December 2018	2,206,501	1,009,560	211,822	327,060	375,246	1,303,439	5,433,628

All amounts relate to continuing activities.

The notes on pages 18 to 30 form part of these financial statements.

St Mark Homes Plc

Consolidated Statement of Cashflows For the year ended 31 December 2018

	Note	2018 £	2018 £	2017 £	2017 £
Cash flows from operating activities					
Cash expended from operations	20		(378,124)		(2,035,718)
Interest paid			(203,724)		(20,287)
Corporation tax			(54,501)		(116,851)
Net cash outflow from operating activities			(636,349)		(2,172,856)
Investing activities					
Interest received		266,471		240,434	
Net cash generated from investing activities			266,471		240,434
Financing activities					
Increase in loans		1,122,680		2,342,477	
Dividend paid		(242,715)		(242,715)	
Net cash generated from financing activities			879,965		2,099,762
Net increase in cash and cash equivalents			510,087		167,340
Cash and cash equivalents at beginning of year			513,667		346,327
Cash and cash equivalents at end of year			1,023,754		513,667
Relating to:					
Cash at bank and in hand			1,023,754		513,667

The notes on pages 18 to 30 form part of these financial statements.

St Mark Homes Plc

Notes forming part of the financial statements for the year ended 31 December 2018

1 Accounting policies

Company information

St Mark Homes Plc is a public limited company domiciled and incorporated in England and Wales. The registered office is No 1 Railshead Road, St Margarets, Old Isleworth, Middlesex TW7 7EP.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

Going concern

These financial statements are prepared on the going concern basis. The directors have a reasonable expectation that the Group and Company will continue in operational existence for the foreseeable future.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the results of St Mark Homes Plc and its subsidiary undertaking, St Mark Contracts Limited as at 31 December 2018 using the acquisition method of accounting. Under this method the results of subsidiary undertakings are included from the date of acquisition.

Jointly controlled operations and interests in joint ventures are accounted for using the equity method of accounting. A jointly controlled operation is an entity that is a joint venture that involves the establishment of a corporation, partnership or other entity in which each venture has an interest. A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to benefit from its activities.

Turnover

Turnover represents the amounts recoverable on contracts with developers.

Turnover arising from developments is recognised on exchanged sale contracts:

- when costs and revenues associated with the transaction can be reliably measured; and
- where the probability of non-performance is considered negligible such that the risks and rewards of ownership have passed to the buyer.

The return on loans provided for the development of residential property is shown under interest receivable and similar income.

Investments in subsidiaries

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in the profit or loss account. A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

St Mark Homes Plc

Notes forming part of the financial statements for the year ended 31 December 2018 (Continued)

1 Accounting policies (Continued)

Intangible fixed assets – goodwill

Negative goodwill represents the discount on the cost of acquisition over the fair value of assets acquired. It is initially recognised as a liability and is subsequently measured at cost less accumulated amortisation. Negative goodwill is being amortised over the useful life of the assets acquired on a systematic basis which is expected to be no more than two years.

Property development loans

Interest receivable on property loans is recognised in the period in which it accrues. Profit share returns are only recognised when there is sufficient evidence and the project is sufficiently progressed to assess the likely profitability with a reasonable level of accuracy.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets on a reducing balance basis over their expected useful lives. It is calculated at the following rates:

Office equipment - 25% per annum

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and 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.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

St Mark Homes Plc

Notes forming part of the financial statements for the year ended 31 December 2018 (Continued)

1 Accounting policies (Continued)

Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Liquid resources

For the purposes of the cash flow statement, liquid resources are defined as short term bank deposits.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial assets

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial assets are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition. Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities are initially recognised at fair value and are subsequently re-measured at their fair value with changes recognised through the profit or loss account.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares wholly recognised as liabilities are recognised as expenses and classified within interest payable.

St Mark Homes Plc

Notes forming part of the financial statements for the year ended 31 December 2018 (Continued)

2 Judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

2.1 Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

The company has recognised profits on exchanged contracts at London Road Hounslow, Gwynne Road, London and St Margarets Waterside, Richmond. In doing so the Board have assessed that the likelihood of these exchanged contracts not completing is negligible based on the overall expected outcome of the project and the level of completeness of each project.

3 Turnover and Segmental analysis

All turnover, profit or loss and net assets are attributable to the Group's single principal activity and wholly undertaken within the United Kingdom.

4 Employees

	2018 £	2017 £
Staff costs (including directors) consist of:		
Wages and salaries	178,031	167,987
Social security costs	16,356	17,243
	<u>194,387</u>	<u>185,230</u>

The average monthly number of employees during the year was 4 (2017 - 4).

St Mark Homes Plc

Notes forming part of the financial statements for the year ended 31 December 2018 (Continued)

5 Directors' remuneration

	2018 £	2017 £
Directors' emoluments	178,031	167,987
Directors' fees	22,757	17,556
	<u>200,788</u>	<u>185,543</u>

The highest paid director was Barry Tansey. The directors are considered to be the only key management personnel: £64,252 (2017: £59,340).

6 Operating loss

	2018 £	2017 £
Operating loss is stated after charging:		
Depreciation of tangible fixed assets	263	351
Amortisation of negative goodwill	(37,993)	(99,256)
Auditors remuneration:		
- Audit services	19,700	18,800
- Taxation services	1,400	1,300
Rent of land and buildings under operating leases	54,000	35,000
	<u>26,367</u>	<u>(43,805)</u>

Included in the group audit fee is an amount of £14,700 (2017: £14,000) in respect of the Company.

7 Interest receivable and similar income

	2018 £	2017 £
Bank deposits	1,622	458
Other loans	264,849	239,976
	<u>266,471</u>	<u>240,434</u>

Interest receivable on other loans includes amounts receivable from related parties as detailed in note 19.

8 Interest payable and similar charges

	2018 £	2017 £
Bank charges and interest	434	175
Bond interest	203,290	20,112
	<u>203,724</u>	<u>20,287</u>

St Mark Homes Plc

Notes forming part of the financial statements for the year ended 31 December 2018 (Continued)

9 Taxation on profit on ordinary activities

	2018 £	2017 £
UK Corporation tax		
Current tax on profit of the year	15,373	60,564

The tax assessed for the period is different from the standard rate of corporation tax in the UK. The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	117,442	383,738
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	22,314	73,870
Effect of:		
Amortisation of negative goodwill and depreciation of fixed assets	(7,169)	(19,040)
Under provision in previous period	228	5,734
Current tax charge for period	15,373	60,564

10 Dividend

Amounts recognised as distributions to equity holders in the period:

	2018	2017
Ordinary Shares -Interim paid		
Per share	5.5p	5.5p
	£	£
Total paid	242,715	242,715

St Mark Homes Plc

Notes forming part of the financial statements for the year ended 31 December 2018 (Continued)

11 Tangible fixed assets

	Office equipment £
Group and Company	
<i>Cost</i>	
At 1 January 2018	13,951
Disposals	(12,237)
	<hr/>
At 31 December 2018	1,714
	<hr/>
<i>Depreciation</i>	
At 1 January 2018	12,899
Provided for the year	263
Disposals	(12,237)
	<hr/>
At 31 December 2018	925
	<hr/>
<i>Net book value</i>	
At 31 December 2018	789
	<hr/>
At 31 December 2017	1,052
	<hr/>

12a Fixed asset investments

Company	Subsidiary undertakings £
<i>Cost</i>	
At 1 January 2018 and 31 December 2018	731,480
	<hr/>
Net book value at 31 December 2018	731,480
	<hr/>
Net book value at 31 December 2017	731,480
	<hr/>

The company has a 100% interest in St Mark Contracts Limited, a company incorporated in England and Wales. The registered address of St Mark Contracts Limited is No1 Railshead Road, St Margarets, Old Isleworth, Middlesex TW7 7EP.

St Mark Homes Plc

Notes forming part of the financial statements for the year ended 31 December 2018 (Continued)

12b Intangible fixed assets

Group	Negative goodwill £
Cost	
At 1 January 2018 and 31 December 2018	(287,125)
<i>Amortisation of negative goodwill</i>	
At 1 January 2018	249,132
Amortisation in year	37,993
At 31 December 2018	287,125
Net book value at 31 December 2018	-
Net book value at 31 December 2017	(37,993)

Negative goodwill arose on the acquisition of St Mark Contracts Limited by the Company on 10 August 2016. The fair value of the consideration paid was calculated based on the bid price of the shares issued by the Company as consideration for the entire net assets of St Mark Contracts Limited. The discount in the value of assets acquired has resulted in negative goodwill arising on consolidation and the above goodwill is being amortised over the life of the asset acquired.

There were no intangible assets attributable to the Company.

13 Debtors due in less than one year

	Group 2018 £	Group 2017 £	Company 2017 £	Company 2017 £
Trade debtors	-	12,150	-	12,150
Amounts owed by joint venture entities	7,364,454	6,925,612	7,738,303	7,525,800
Other debtors	12,999	30,936	13,675	30,936
Prepayments and accrued income	504,305	227,167	504,305	223,796
	<u>7,881,758</u>	<u>7,195,865</u>	<u>8,256,283</u>	<u>7,792,682</u>

All amounts shown above fall due for payment within one year.

Included within amounts owed by joint ventures entities are loans to Pittville Developments LLP of £nil (2017: £29,000), Western Road Properties Limited of £72,429 (2017: £522,429), Mizen Properties Limited of £4,178,327 (2017: £3,187,556), Mizen (Gwynne Road) Limited of £1,711,414 (2017: £1,585,412) and Mizen (Hounslow) Limited of £1,402,284 (2017: £1,601,215).

St Mark Homes Plc

Notes forming part of the financial statements for the year ended 31 December 2018 (Continued)

14 Investments in joint ventures

	£
Share of net assets at 1 January 2018	728,779
Movement in year	(353,805)
	<hr/>
Share of net assets at 31 December 2018	374,974
	<hr/>

The joint ventures in which the Group participates are as follows:-

Joint venture	Participation in joint venture	Total net assets	Total net assets	Share of net assets	Share of net assets
		2018 £	2017 £	2018 £	2017 £
Pittville Developments LLP	50%	9,000	970,730	4,500	485,365
Western Road Properties Limited	50%	-	-	-	-
Mizen Properties Limited (Sutton Project)	40%	-	-	-	-
Mizen Properties Limited (Wembley Project)	40%	-	-	-	-
Mizen (Gwynne Road) Limited	40%	289,692	308,800	115,877	123,520
Mizen (Hounslow) Limited	40%	636,495	299,737	254,597	119,894
				<hr/>	<hr/>
				374,974	728,779
				<hr/>	<hr/>

All of the above entities are incorporated in England and Wales and are registered at No1 Railshead Road, St Margarets, Old Isleworth, Middlesex TW7 7EP.

The principal activity of all of the entities is that of property development.

The profit entitlement in the investments in limited companies arises under a formal development agreement. No share capital is held. The total net assets of these joint ventures and the Group share for the last relevant financial year were as above.

St Mark Homes Plc

Notes forming part of the financial statements
for the year ended 31 December 2018 (Continued)

15 Creditors: Amounts falling due within one year

	Group 2018	Group 2017	Company 2018	Company 2017
	£	£	£	£
Trade creditors	1,712	14,969	1,712	14,970
Other taxation and social security	22,917	56,882	21,270	52,709
Accruals and deferred income	52,285	107,192	49,628	104,535
Amounts owed to group company	-	-	1,030,207	893,926
	<u>76,914</u>	<u>179,043</u>	<u>1,102,817</u>	<u>1,066,140</u>

16 Creditors: Amounts falling due in more than one year

	Group 2018	Group 2017	Company 2018	Company 2017
	£	£	£	£
6% Bond	3,465,157	2,342,477	3,465,157	2,342,477
	<u>3,465,157</u>	<u>2,342,477</u>	<u>3,465,157</u>	<u>2,342,477</u>

The bond is secured by a first ranking debenture over all the assets, property and undertaking of the Company. Interest is charged at 6% per annum over the 30 month term of the bond which expires in the second quarter of 2020.

17 Financial Instruments

Group

	2018 £	2017 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	7,748,255	7,043,532
Carrying amount of financial liabilities		
Measured at amortised cost	53,997	122,162
	<u>53,997</u>	<u>122,162</u>

Company

	2018 £	2017 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	8,363,788	7,883,143
Carrying amount of financial liabilities		
Measured at amortised cost	1,081,547	1,013,431
	<u>1,081,547</u>	<u>1,013,431</u>

St Mark Homes Plc

Notes forming part of the financial statements for the year ended 31 December 2018 (Continued)

18 Share capital

	2018 Number	2017 Number	2018 £	2017 £
<i>Allotted, called up and fully paid share capital</i>				
Ordinary shares of 50p each	4,413,002	4,413,002	2,206,501	2,206,501

19 Related party disclosures

Related party transactions and balances

During the year the following related party transactions took place:

(a) Accounting365 Limited

£54,550 (2017: £51,794) was paid to the above company for the provision of accountancy, IT, project and quality management services. At the year end an amount of £nil (2017: £4,792) was included within trade creditors in respect of these services. Sean Ryan is the controlling shareholder and a director of the above company.

(b) William Gair – Consultant

£22,757 (2017: £16,862) was paid to William Gair for services as a non-executive director. A balance owed to William Gair at the year end of £nil (2017: £5,040) has been included in trade creditors.

(c) The Directors of the Company received dividends in respect of their shareholding in the Company of £47,735 (2017: £47,735).

(d) Mizen Properties Limited and subsidiaries

Bernard J Tansey is a director of the above company in which he holds no beneficial interest.

Office rental, rates and service charges of £54,000 (2017: £35,000) were paid to Mizen Design/Build Limited, a subsidiary of Mizen Properties Limited.

The Group has also entered into joint ventures and development agreements with Mizen Properties Limited (or its subsidiaries) to develop projects at Sutton High Street, Sutton; Heron House Wembley; St Margarets Waterside, Richmond; Gwynne Road London, London Road Hounslow and Forsyth House, Mortlake.

At 31 December 2018, the Group was owed £2,378,327 (2017: £1,387,556) by Mizen Properties Limited in respect of loans advanced pursuant to the development agreement at Sutton High Street, and £1,800,000 advanced pursuant to development agreement for Heron House, Wembley. During the year the Group charged interest of £90,771 (2017: £67,770) in respect of the Sutton loan and is due a project management fee of £208,000 (2017: £16,000) in respect of the Heron House, Wembley development during the year. At the year end an amount of £224,000 (2017: £16,000) was included within debtors in respect of these services.

At 31 December 2018, the Group was owed £72,429 (2017: £522,429) by Western Road Properties Limited in respect of the development agreement at Forsyth House.

St Mark Homes Plc

Notes forming part of the financial statements for the year ended 31 December 2018 (Continued)

19 Related party disclosures (continued)

At 31 December 2018, the Group was owed £4,500 (2017: £29,000) by Pittville Developments LLP in respect of the development agreement at St Margarets Waterside, Richmond. The Group has charged interest of £10,986 (2017: £40,583) and a project management fee of £nil (2017: £13,500) in respect of the St Margarets Waterside development during the year. At the year end an amount of £nil (2017: £15,525) was included within debtors in respect of these services.

At 31 December 2018, the Group was owed £1,711,414 by Mizen (Gwynne Road) Limited (2017: £1,585,412) in respect of the development agreement at Gwynne Road, London. The Group has charged interest of £82,022 (2017: £55,221) and recognised a project management fee of £43,200 (2017: £43,200) in respect of the Gwynne Road development during the year. At the year end an amount of £86,400 (2017: £43,200) was included within debtors in respect of these services.

At 31 December 2018, the Group was owed £1,402,284 (2017: £1,601,215) by Mizen (Hounslow) Limited in respect of the development agreement at London Road, Hounslow. The Group has charged interest of £81,070 (2017: £76,399) and recognised a project management fee of £43,200 (2017: £43,200) in respect of the Gwynne Road development during the year. At the year end an amount of £86,400 (2017: £43,200) was included within debtors in respect of these services.

All transactions above were conducted on normal commercial terms.

20 Cash expended from operating activities

	2018 £	2017 £
Operating loss for the year	(107,623)	(126,140)
Profit share received from joint venture	162,318	289,731
<i>Movement in working capital</i>		
Depreciation of tangible fixed assets	263	351
Amortisation	(37,993)	(99,256)
Increase in amounts owed by joint venture entities	(85,037)	(289,731)
Increase in debtors	(247,051)	(1,675,722)
Decrease in creditors	(63,001)	(134,951)
Cash expended from operations	(378,124)	(2,035,718)

21 Reconciliation of net cash flow to movement in net debt

	2018 £	2017 £
Increase in cash	510,087	167,340
Increase in other loans	(1,122,680)	(2,342,477)
Movement in net debt	(612,593)	(2,175,137)
Opening net (debt)/funds	(1,828,810)	346,327
Closing net debt	(2,441,403)	(1,828,810)

St Mark Homes Plc

Notes forming part of the financial statements for the year ended 31 December 2018 (Continued)

22 Financial instruments

The treasury policy of the Group is referred to in the strategic report. There are no floating or fixed rate financial assets at the year end. The fair values of the financial assets and liabilities are equal to their book values. The Group's credit risk is primarily attributable to its trade debtors. Credit risk is managed by monitoring payments against contractual agreements.

23 Ultimate controlling party

It is the opinion of the directors that there is no ultimate controlling party.

24 Earnings per share

Earnings per ordinary share has been calculated using the weighted average number of shares in issue during the financial year. The weighted average number of Ordinary shares in issue was 4,413,002 (2017: 4,413,002) and the earnings being profit after tax attributable to ordinary shares was £102,069 (2017: £323,174).

	2018 £	2017 £
<i>Numerator</i>		
Earnings used as the calculation of basic and diluted EPS	102,069	323,174
	<hr/>	<hr/>
	Number	Number
<i>Denominator</i>		
Weighted average number of ordinary shares used in basic and diluted EPS	4,413,002	4,413,002
	<hr/>	<hr/>

There are no share options or other potentially dilutive equity instruments in issue than can dilute the earnings per share.

25 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under a non-cancellable lease, as follows:

	2018 £	2017 £
Within one year	54,000	54,000
Between two and five years	13,500	67,500
	<hr/>	<hr/>
	67,500	121,500
	<hr/>	<hr/>