

Linden Wates (Ravenscourt Park) Limited

Annual report and Financial statements

For the year ended 31 December 2017

Registered number: 05428184



Linden Wates (Ravenscourt Park) Limited

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Linden Wates (Ravenscourt Park) Limited
Directors and professional advisers

Directors

CJ Rogers (resigned 06.04.2018)
DO Allen
DA Bowen
DM Brocklebank
DE Maddox
RJ Matthews (resigned 31.01.2018)
SM Appleby (appointed 31.01.2018)
EL Stoner (appointed 06.04.2018)

Company secretary

Galliford Try Secretariat Services Limited

Registered office

Cowley Business Park
Cowley
Uxbridge
Middlesex
England
UB8 2AL

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Bankers

Bank of Scotland
38 St Andrew Square
Edinburgh
EH2 2YR

Solicitors

Cripps Harries Hall LLP
Wallside House
12 Mount Ephraim Road
Tunbridge Wells
Kent
TN1 1EG

Linden Wates (Ravenscourt Park) Limited

Strategic report for the year ended 31 December 2017

The directors present their strategic report of Linden Wates (Ravenscourt Park) Limited ("the Company"), for the year ended 31 December 2017.

Review of business

The company's principal activity is the building and selling of residential apartments and houses.

The company was formed as a joint venture between Linden Limited and Wates Group Properties Limited. The Wates interest was transferred from Wates Group Properties Limited to Wates Developments Limited on 27 March 2011. With effect from 1 April 2018, Wates Developments Limited transferred its interest in the Company to Wates Group.

The company completed the sale of its freehold at Goldhawk Road on 24 March 2017.

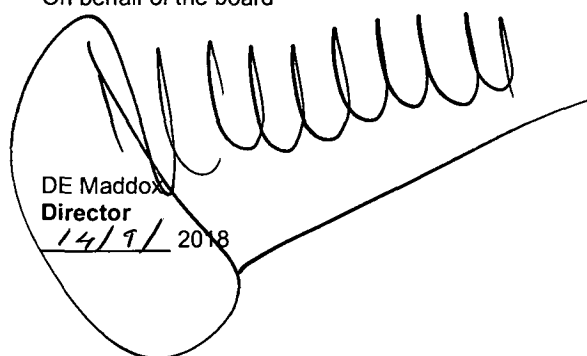
Principal risks, uncertainties and key performance indicators

The business and the execution of the Company's strategy are subject to a number of risks and uncertainties. The key business risks and uncertainties affecting the Company are considered to relate to the strength and volatility of the UK housing market. This includes changes to the UK housing market and the economic cycle affecting consumer confidence and the availability of mortgage finance. The directors monitor Government and Industry data on housing prices, sales volumes and construction commencement data thus enabling anticipation of market changes and facility to adjust build programmes, sales releases and purchaser incentives accordingly. Given the straightforward nature of the business, the directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

General

The Company's profit for the financial year was £318,000 (2016: £1,493,000), which will be added to reserves.

On behalf of the board



DE Maddox
Director
14/1/2018

Linden Wates (Ravenscourt Park) Limited

Directors' Report for the year ended 31 December 2017

The directors present their report and audited financial statements of Linden Wates (Ravenscourt Park) Limited ("the Company"), registered number 05428184 for the year ended 31 December 2017.

Future developments

The current site under development at Goldhawk Road, W16, has been fully completed and sold within the last financial year. Unless any further sites are acquired, the Company will then cease to trade.

Dividends

The directors were paid a dividend of £6,000,000 during the year (2016: £Nil).

Financial risk management

The Company's operations expose it to a variety of financial risks, including the effects of credit risk, liquidity risk, cash flow risk and interest rate risk. The potential impact of these financial risks is monitored by directors during board meetings.

Where appropriate, credit checks are made prior to the acceptance of a new customer and these are reviewed on a periodic basis together with ongoing checks in respect of existing customers. Reviews of the debtors ledger are carried out with the finance and sales teams and action initiated, as appropriate, to collect any overdue amounts, thus optimising the Company's liquidity position.

The rates of interest earned or paid on the cash balances and loans and overdrafts are monitored on an ongoing basis with regular reviews of the banking arrangements. Deposits, loans and overdrafts are made with reference to these facilities, in conjunction with projections of future cash requirements.

Directors

The present directors of the Company are set out on page 1, all of whom served throughout the year and up to the date of signing the financial statements, except as stated below.

SM Appleby (appointed 31.01.18)
EL Stoner (appointed 06.04.18)
CJ Rogers (resigned 06.04.18)
RJ Matthews (resigned 31.01.18)

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRS as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statement;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Linden Wates (Ravenscourt Park) Limited

Directors' Report for the year ended 31 December 2017 (continued)

Statement of directors' responsibilities (continued)

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

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

Disclosure of information to auditors

Each of the directors at the date of the approval of this annual report confirms that:

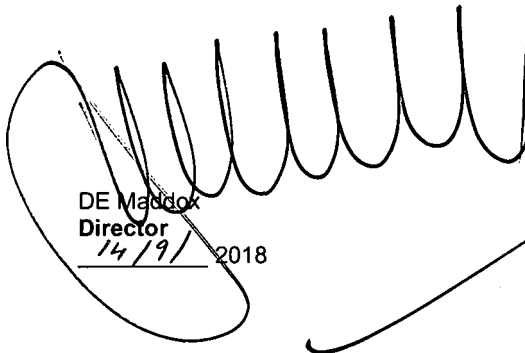
- so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware: and
- the director has taken all the steps that he /she ought to have been taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with Section 418 of the Companies Act 2006.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

The report of the directors was approved by the board of directors on 14 Sept 2018 and signed on its behalf by:



DE Maddox
Director
14/9/ 2018

Linden Wates (Ravenscourt Park) Limited
Independent auditors' report to the members of Linden Wates (Ravenscourt Park) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Linden Wates (Ravenscourt Park) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2017; the Income statement, the Statement of comprehensive income, the Statement of cash flows, the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Linden Wates (Ravenscourt Park) Limited

Independent auditors' report to the members of Linden Wates (Ravenscourt Park) Limited(continued)

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 3 and 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Linden Wates (Ravenscourt Park) Limited

Independent auditors' report to the members of Linden Wates (Ravenscourt Park) Limited(continued)

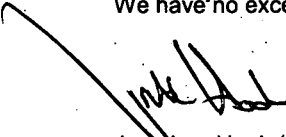
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.


Jonathan Hook (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

14 September 2018

Linden Wates (Ravenscourt Park) Limited
Income statement for the year ended 31 December 2017

	Note	2017 £'000	2016 £'000
Revenue		777	6,415
Cost of sales		(378)	(4,361)
Gross profit		399	2,054
Administrative expenses		(2)	(10)
Operating profit		397	2,044
Profit on ordinary activities before taxation	3	397	2,044
Tax on profit on ordinary activities	4	(79)	(551)
Profit for the financial year		318	1,493

There are no recognised gains and losses other than those shown in the income statement above and therefore no separate statement of comprehensive income has been presented.

There is no material difference between the results shown in the income statement above and their historical cost equivalents for the financial year stated above.

All results are derived from continuing operations.

Linden Wates (Ravenscourt Park) Limited**Statement of comprehensive income for the year ended 31 December 2017**

	2017	2016
	£'000	£'000
Profit for the financial year	318	1,493
Total comprehensive income	318	1,493

There is no other comprehensive income in the year. Total comprehensive income therefore equals the profit for the year.

Linden Wates (Ravenscourt Park) Limited
Balance sheet as at 31 December 2017

	Note	2017 £'000	2016 £'000
Assets			
Current assets			
Developments	5	–	376
Trade and other receivables	7	602	6,122
Cash and cash equivalents	8	41	19
Total current assets		643	6,517
Total assets		643	6,517
Liabilities			
Current liabilities			
Trade and other payables	9	(189)	(252)
Current tax liabilities	10	(76)	(205)
Total current liabilities		(265)	(457)
Net current assets		378	6,060
Total liabilities		(265)	(457)
Net assets		378	6,060
Equity			
Share capital	12	1	1
Retained earnings		377	6,059
Total equity		378	6,060

The notes on pages 13 to 20 are an integral part of these financial statements.

The financial statements on pages 8 to 20 were approved and authorised by the Board of directors on
14 Sept 2018 and signed on its behalf by:

DE Madhox
Director

Company registered number: 05428184

Linden Wates (Ravenscourt Park) Limited
Statement of changes in equity for the year ended 31 December 2017

	Note	Share capital £'000	Retained earnings £'000	Total equity £'000
As at 1 January 2016		1	4,566	4,567
Total comprehensive income and profit for the financial year		–	1,493	1,493
As at 1 January 2017 and 31 December 2016		1	6,059	6,060
Total comprehensive income and profit for the financial year		–	318	318
Dividends paid	5	–	(6,000)	(6,000)
At 31 December 2017		1	377	378

Linden Wates (Ravenscourt Park) Limited

Statement of cash flows for the year ended 31 December 2017

	Note	2017 £'000	2016 £'000
Cash flows from operating activities			
Continuing operations			
Operating profit		397	2,044
Net cash generated from operations before changes in working capital		397	2,044
Decrease in developments	5	376	3,937
Decrease / (increase) in trade and other receivables	7	5,520	(5,107)
Decrease in trade and other payables	9	(64)	(118)
Net cash generated from operations		6,229	756
Income tax paid	1	(207)	(769)
Net cash generated from / (used in) operating activities		6,022	(13)
Cash flows used in financing activities			
Dividend paid	5	(6,000)	–
Net cash used in financing activities		(6,000)	–
Net increase / (decrease) in cash and cash equivalents		22	(13)
Cash and cash equivalents at 1 January 2017 / 1 January 2016		19	32
Cash and cash equivalents at 31 December 2017 / 31 December 2016	8	41	19

Linden Wates (Ravenscourt Park) Limited

Notes to the financial statements for the year ended 31 December 2017

1. Accounting policies

General Information

Linden Wates (Ravenscourt Park) Limited ('the Company') is an Company incorporated, and domiciled in England and Wales (Registered number: 05428184). The address of the registered office is Linden Wates (Ravenscourt Park) Limited, Cowley Business Park, Cowley, Uxbridge, Middlesex, UB8 2AL.

The financial statements are measured and presented in pounds sterling as that is the currency of the primary economic environment in which the Company operates. The amounts stated are denominated in thousands (£'000).

Basis of preparation

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared on a going concern basis under the historical cost convention, and financial assets and liabilities (including derivative financial instruments) at fair value through profit and loss. The Company has consistently applied all accounting standards and interpretations issued by the International Accounting Standards Board and International Financial Reporting Interpretations Committee, and endorsed by the EU, relevant to its operations and effective on 1 January 2017.

(a) New standards, amendments and interpretations:

There are no new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 January 2017 that have a material impact on the Company's financial position, presentation or disclosures in the financial statements.

(b) New standards, amendments and interpretations not yet adopted

The IASB and IFRIC issued the following standards, amendments and interpretations with an effective date after the year end of these financial statements. The Company's assessment of the impact of these new standards and interpretations is set out below;

• IFRS 9 - 'Financial instruments'

IFRS 9 is effective for periods beginning on or after 1 January 2018. The standard addresses the classification, measurement, impairment and derecognition of financial assets and liabilities, introducing new rules for hedge accounting and a new impairment model for financial assets.

The Company has reviewed its financial assets and liabilities and is not expecting a material change in its financial statements resulting from the adoption of this new standard.

• IFRS 15 - 'Revenue from contracts with customers'

IFRS15 is effective for periods beginning on or after 1 January 2018. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and sets out new revenue recognition criteria, using a five-step model to apportion revenue to individual performance obligations, within a contract. The new standard is based on the principal that revenue is recognised when control of a good or service transfers to a customer.

Linden Wates (Ravenscourt Park) Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

1. Accounting policies (continued)

The Company has assessed the effects of applying the new standard on its financial statements. Currently, the Company recognises revenue at the fair value of the consideration received or receivable on the legal completion of a residential property whilst housing association sales are recognised over time; both of these policies are consistent with the new standard and are therefore not expected to change. Revenues associated with the sale of part exchange properties are currently included as a reduction in cost of sales (as the purchase and sale of part exchange properties is regarded as a mechanism for selling). Applying IFRS15 will result in an increase to both revenue and cost of sales although there will be no impact on the reported profit from operations or the Company's cashflows, but there will be a small decrease in the reported operating margin.

- **IFRS 16 - 'Leases'**

IFRS 16 is effective for periods commencing on or after 1 January 2019. The standard eliminates the classification of leases as either operating leases or finance leases and instead introduces a single lessee accounting model. This new standard, will require the Company to recognise a long term depreciating right of use asset and corresponding lease liability for all leases with exceptions for short-term and low-value leases.

The Company does not have any lease transactions and therefore, the standard will not have any impact on its net assets or liabilities.

Critical accounting estimates and judgments

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying value of assets and liabilities which are not readily apparent from other sources. 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 if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Material estimates and assumptions are made in particular with regards to establishing the following policies:

- (i) Estimation of costs to complete and loss provisions*

In order to determine the profit and loss that the Company is able to recognise on its developments and in a specific period, the Company has to allocate total costs of the developments between the proportion completing in the period and the proportion to complete in a future period. The assessment of the total costs to be incurred requires a degree of estimation. However, the Company has established internal controls to review and ensure the appropriateness of estimates made.

- (ii) Income taxes*

The company is subject to income tax in the UK. Judgement is required in determining the provision for income taxes. The company recognises liabilities for anticipated tax audit issues based on estimates of where these additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Linden Wates (Ravenscourt Park) Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

1. Accounting policies (continued)

Revenue and profit

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the purchaser. Revenue comprises the fair value of the consideration received or receivable net of rebates, discounts and value added tax. The Company's revenue relates to one class of business and is almost all generated in the UK.

Revenue and profit are recognised as follows:

House building and land sales

Revenue from private housing sales is recognised at legal completion, net of incentives. Revenue from land sales is recognised on the unconditional exchange of contracts. Profit is recognised by reference to the expected result of each site. Contracting development sales for affordable housing are accounted for as construction contracts.

Finance income and cost

Interest income and expense is recognised on a time proportion basis using the effective interest method.

Dividend policy

Final dividend distribution to the Company's directors is recognised as a liability in the Company's financial statements in the year in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

Current tax

Current income tax is based on the taxable profit for the year. Taxable profit differs from profit before taxation recorded in the income statement because it excludes items of income or expense that are taxable or deductible in other years or that are never taxable or deductible. The liability for current tax is calculated using rates that have been enacted, or substantively enacted, by the balance sheet date.

The Company surrenders tax losses and other allowances by consortium relief to its members. The Company receives no reimbursement for these tax losses.

Inventories and developments

Inventories are valued at the lower of cost and net realisable value. Work in progress is valued at the lower of cost, including direct costs and directly attributable overheads, and net realisable value.

Where a development is in progress, net realisable value is assessed by considering the expected future revenues and the total costs to complete the development including direct costs and directly attributable overheads. To the extent that the Company anticipates selling a development in its current state then net realisable value is taken as open market value at the balance sheet date less any anticipated selling costs.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (typically more than 30 days overdue) are considered indicators that the trade receivable may be impaired.

Linden Wates (Ravenscourt Park) Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

1. Accounting policies (continued)

The amount of the provision is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within cost of sales.

When a trade receivable is uncollectible, it is written off against the impairment provision for trade receivables. Subsequent recoveries of amounts previously written off are credited against cost of sales in the income statement. Short term trade receivables do not carry any interest and are stated at their amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts.

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at nominal value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand, including bank deposits with original maturities of three months or less. Bank overdrafts are also included as they are an integral part of the Company's cash management.

Bank deposits with an original term of more than three months are classified as short term deposits where the cash can be withdrawn on demand and the penalty for early withdrawal is not significant.

Trade payables

Trade payables on normal terms are not interest bearing and are stated at their nominal value. Trade payables on extended terms, are recorded at their fair value at the date of acquisition of the asset to which they relate. The discount to nominal value is amortised over the period of the credit term and charged to finance costs using the effective interest rate.

2. Employees and directors

There were no employees during the year (2016: nil). The directors did not receive any remuneration for their services during the year (2016: £nil).

3. Profit on ordinary activities before taxation

The following items have been included in arriving at the profit on ordinary activities before taxation:

	2017	2016
	£'000	£'000
Developments recognised as cost of sales	378	4,361

Services provided by the Company's auditors

During the year the Company obtained the following services from the Company's auditors at costs as detailed below:

	2017	2016
	£'000	£'000
Fees payable to the Company's auditors for the audit of the financial statements	4	6

Linden Wates (Ravenscourt Park) Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

4. Tax on profit on ordinary activities

	2017 £'000	2016 £'000
Current tax on profit for the year	(76)	(551)
Adjustments in respect of prior years:		
Current tax	(3)	–
Tax expense	(79)	(551)

The total income tax expense for the year of £79,000 (2016: expense £551,000) is lower than (2016: the higher than) the blended standard rate of corporation tax in the UK of 19.25% (2016: 20.00%). The differences are explained below:

	2017 £'000	2016 £'000
Profit on ordinary activities before taxation	397	2,044
Profit before income tax multiplied by the blended standard rate in the UK of 19.25% (2016: 20%)	(76)	(409)
Group relief surrendered free of charge	–	(142)
Adjustments in respect of prior years	(3)	–
Income tax expense	(79)	(551)

The standard rate of corporation tax in the UK changed from 20% to 19% with effect from 1 April 2017. Accordingly, the Company's profits were taxed at a blended standard rate of 19.25% for the year to December 2017 (2016: 20.00%).

The UK corporation tax rate is due to be reduced to 17% from April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

5. Dividends

	2017 £'000	2016 £'000
Paid during the year	6,000	–
	6,000	–

6. Developments

	2017 £'000	2016 £'000
Land	–	187
Work in progress	–	189
	–	376

7. Trade and other receivables

	2017 £'000	2016 £'000
Amounts falling due within one year:		
Amounts owed by joint venture partners	602	6,122
	602	6,122

Amounts owed by joint venture partners do not bear interest, have no fixed date of repayment and are repayable on demand.

The Company's maximum exposure to credit risk is the receivables and financial borrowings balances, but no significant concentration of credit risk.

Linden Wates (Ravenscourt Park) Limited**Notes to the financial statements for the year ended 31 December 2017 (continued)****8. Cash and cash equivalents**

	2017 £'000	2016 £'000
Cash and cash equivalents	41	19

The effective interest rate received on cash balances is nil% (2016: nil%)

9. Trade and other payables

	2017 £'000	2016 £'000
Other creditors	189	252
	189	252

10. Current tax liabilities

	2017 £'000	2016 £'000
Corporation tax payable	76	205

11. Financial Instruments

The business and the execution of the Company's strategy are subject to a number of risks and uncertainties. The key business risks and uncertainties affecting the Company are considered to relate to the strength and volatility of the UK housing market. This includes changes to the UK housing market and the economic cycle affecting consumer confidence and the availability of mortgage finance. The directors monitor Government and Industry data on housing prices, sales volumes and construction commencement data thus enabling anticipation of market changes and facility to adjust build programmes, sales releases and purchaser incentives accordingly. Given the straightforward nature of the business, the directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

Financial risk factors**(a) Market risk****(i) Foreign exchange risk**

All material activities of the Company take place within the UK and consequently there is little direct exchange risk.

(ii) Price risk

The Company is affected by the level of UK house prices. These are in turn affected by factors such as mortgage availability, employment levels, interest rates, consumer confidence.

Linden Wates (Ravenscourt Park) Limited**Notes to the financial statements for the year ended 31 December 2017 (continued)****11. Financial Instruments (continued)***(iii) Interest rate risk*

The Company's income and operating cash flows are substantially independent of changes in market interest rates.

The Company's interest rate risk arises from movement in cash and cash equivalents and long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk.

(b) Credit risk

Credit risk arises from cash and cash equivalents, deposits and borrowings with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The Company has a credit risk exposure to the providers of its banking facilities. These are primarily provided by Bank of Scotland and management does not expect any material losses from non-performance of any counterparties, including in respect of receivables not yet due.

(c) Liquidity risk

In accordance with IAS 39 'Financial instruments: recognition and measurement', the Company has reviewed all contracts for embedded derivatives that are required to be separately accounted for if they do not meet certain requirements set out in the standard. No such embedded derivatives have been identified.

Fair value of financial instruments

The Company's financial instruments comprise trade and other receivables excluding prepayments, financial liabilities – borrowings, trade and other payables excluding deferred income, VAT and social security taxes.

There is no difference between the book value and the fair value of the Company's financial assets and financial liabilities.

12. Share capital

	Number of shares	Ordinary shares £
Allotted and fully paid ordinary shares of £1		
500 A ordinary shares	500	500
500 B ordinary shares	500	500
At 1 January 2017	1,000	1,000
At 31 December 2017	1,000	1,000

There are no shares issued but not fully paid.

13. Related party transactions

At the end of the year, there was a £601,697(2016: £6,121,696) Joint Venture debtor owed by both Linden Limited £300,848 (2016: £3,060,848) and Wates Developments Limited £300,849 (2016: £3,060,848). Loan stock interest of £nil (2016:£nil) was accrued and paid in the year, split equally between both of the Joint Venture partners.

During the year Linden Limited received fees for the project management of the Joint Venture of £nil (2016:£nil).

Linden Wates (Ravenscourt Park) Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

14. Guarantees and contingent liabilities

Linden Limited and Wates Group Limited have entered into financial guarantees and counter indemnities in respect of bank and performance bond issued in the normal course of business amounting to £nil (2016: £nil).

Disputes arise in the normal course of business, some of which lead to litigation or arbitration procedures. The directors make proper provision in the financial statements when they believe a liability exists. Whilst the outcome of disputes and arbitration is never certain, the directors believe that the resolution of all existing actions will not have a material adverse effect on the Company's financial position.

15. Post balance sheet events

Steven Mark Appleby was appointed as a director and Richard John Matthews resigned as a director of the Company on 31 January 2018. Emma Louise Stoner was appointed as a director and Colin John Rogers resigned as a director of the Company on 6 April 2018. With effect from 1 April 2018, Wates Developments Limited transferred its interest in the Company to Wates Group Limited. No other matters have arisen since the year end that requires disclosure in the financial statements.

16. Controlling party

Linden Wates (Ravenscourt Park) Limited is jointly owned by Linden Limited and Wates Group Limited with both companies sharing equal control.