

Registration number: 05747417

Severn Crossing Developments Limited  
Annual Report and Financial Statements  
for the Year Ended 30 September 2016

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# **Severn Crossing Developments Limited**

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# **Severn Crossing Developments Limited**

## **Company Information**

### **Directors**

J N Stacey

J K Beauchamp

### **Registered office**

One Valpy  
20 Valpy Street  
Reading  
Berkshire  
RG1 1AR

### **Bankers**

Barclays Bank PLC  
Bridgewater House  
Counterslip  
Finzels Reach  
Bristol  
BS1 6BX

### **Auditor**

KPMG LLP  
Arlington Business Park  
Theale  
Reading  
RG7 4SD

## **Severn Crossing Developments Limited**

### **Directors' Report for the Year Ended 30 September 2016**

The directors present their report and the financial statements for the year ended 30 September 2016.

#### **Directors of the company**

The directors who held office during the year were as follows:

J N Stacey

J K Beauchamp

#### **Dividends**

The directors recommend no final dividend payment be made in respect of the financial year ended 30 September 2016. (2015 £nil.)

#### **Political donations**

During the year the company made no political donations. (2015 £nil)

#### **Employment of disabled persons**

It is the company's policy to give full consideration to suitable applications for employment by disabled persons where the requirements of the job can be adequately filled by a disabled person.

#### **Employee involvement**

It is the company's policy to keep all employees aware of financial and commercial matters as far as is practicable. Employees are encouraged to participate directly in the success of the business through the company's performance-related bonus plans. The group also has a number of employee share ownership plans.

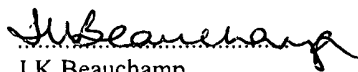
#### **Disclosure of information to the auditor**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

#### **Reappointment of auditors**

Pursuant to Section 487 of the Companies Act 2006 and the Mabey Holdings Limited Shareholders' reappointment of KPMG LLP as auditor to all Mabey group companies at the Annual General Meetings in December 2015 and December 2016, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the Board on ~~6 Dec 2016~~ and signed on its behalf by:



J K Beauchamp  
Director

## **Severn Crossing Developments Limited**

### **Statement of Directors' Responsibilities**

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **Independent Auditor's Report to the Members of Severn Crossing Developments Limited**

We have audited the financial statements of Severn Crossing Developments Limited for the year ended 30 September 2016, set out on pages 6 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

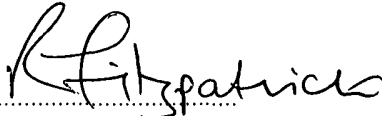
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent Auditor's Report to the Members of Severn Crossing Developments Limited**

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

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



Robert Fitzpatrick (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor.

Arlington Business Park  
Theale  
Reading  
RG7 4SD

Date: 9 December 2016

## Severn Crossing Developments Limited

### Profit and Loss Account for the Year Ended 30 September 2016

	Note	2016 £	2015 £
Turnover	3	1,882,722	644,450
Cost of sales		<u>269,821</u>	<u>(2,129,646)</u>
Gross profit/(loss)		2,152,543	(1,485,196)
Administrative expenses		<u>(85,548)</u>	<u>(99,201)</u>
Operating profit/(loss)		<u>2,066,995</u>	<u>(1,584,397)</u>
Other interest receivable and similar income	4	8,091	-
Interest payable and similar charges	5	<u>(671,000)</u>	<u>(576,534)</u>
		<u>(662,909)</u>	<u>(576,534)</u>
Profit/(loss) before tax		1,404,086	(2,160,931)
Taxation	8	<u>87,513</u>	<u>(137,199)</u>
Profit/(loss) for the financial year		<u>1,491,599</u>	<u>(2,298,130)</u>

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above and therefore no separate statement of comprehensive income has been prepared.

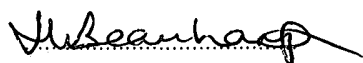


# Severn Crossing Developments Limited

(Registration number: 05747417)  
Balance Sheet as at 30 September 2016

	Note	2016 £	2015 £
<b>Current assets</b>			
Stocks	9	10,270,000	9,510,874
Debtors	10	172,738	97,564
Cash at bank and in hand	11	1,539,026	322,654
		<u>11,981,764</u>	<u>9,931,092</u>
<b>Creditors: Amounts falling due within one year</b>	12	<u>(29,200)</u>	<u>(10,470,127)</u>
<b>Total assets less current liabilities</b>		11,952,564	(539,035)
<b>Creditors: Amounts falling due after more than one year</b>	12	<u>(11,000,000)</u>	<u>-</u>
<b>Net assets/(liabilities)</b>		<u>952,564</u>	<u>(539,035)</u>
<b>Capital and reserves</b>			
Called up share capital	13	3	3
Profit and loss account		<u>952,561</u>	<u>(539,038)</u>
<b>Total equity</b>		<u>952,564</u>	<u>(539,035)</u>

Approved and authorised by the Board on 5 Dec 2016 and signed on its behalf by:



J K Beauchamp

Director

# **Severn Crossing Developments Limited**

## **Statement of Changes in Equity for the Year Ended 30 September 2016**

	Share capital £	Profit and loss account £	Total £
At 1 October 2015	3	(539,038)	(539,035)
Profit for the year	-	1,491,599	1,491,599
Total comprehensive income	-	1,491,599	1,491,599
At 30 September 2016	3	952,561	952,564
	Share capital £	Profit and loss account £	Total £
At 1 October 2014	3	1,759,092	1,759,095
Loss for the year	-	(2,298,130)	(2,298,130)
Total comprehensive income	-	(2,298,130)	(2,298,130)
At 30 September 2015	3	(539,038)	(539,035)

The notes on pages 9 to 15 form an integral part of these financial statements.

## **Severn Crossing Developments Limited**

### **Notes to the Financial Statements for the Year Ended 30 September 2016**

#### **1 General information**

The company is a private company limited by share capital incorporated in United Kingdom.

#### **2 Accounting policies**

##### **Basis of preparation**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied.

There are no transition adjustments and hence no transition note.

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The presentation currency of these financial statements is sterling.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The Company's ultimate parent undertaking, Mabey Holdings Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Mabey Holdings Limited are prepared in accordance with Financial Reporting Standard 102 and are available to the public and may be obtained from One Valpy, 20 Valpy Street, Reading RG1 1AR. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Mabey Holdings Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 Share Based Payments; or
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

##### **Going concern**

The directors have considered the basis of preparation of the financial statements and, based on the assessment of budgets and cashflow forecasts, have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the board continues to adopt the going concern basis of accounting in preparing the financial statements.

##### **Revenue recognition**

(section 23 of FRS102)

Income from property is recognised as rents fall due or as sales are completed.

##### **Tax**

(section 29 of FRS102)

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

## **Severn Crossing Developments Limited**

### **Notes to the Financial Statements for the Year Ended 30 September 2016**

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the asset/property. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand and short term deposits.

#### **Trade debtors**

Trade debtors and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impaired losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

#### **Stocks**

(section 13 of FRS102)

Stocks are stated at the lower of cost incurred in bringing each property to its present location and condition, and net realisable value, after making due allowance for obsolete or slow-moving items.

Cost of property developments comprises the direct cost of materials, services, sub contractors and labour and all costs directly attributable to development projects. Net realisable value of development projects is the anticipated sales value less anticipated cost of all further work to completion of the projects including provision for maintenance work where applicable.

#### **Trade creditors**

Trade creditors and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

## Severn Crossing Developments Limited

### Notes to the Financial Statements for the Year Ended 30 September 2016

#### 3 Turnover

The analysis of the company's turnover for the year by class of business is as follows:

	2016 £	2015 £
Property	1,882,722	644,450

The analysis of the company's turnover for the year by market is as follows:

	2016 £	2015 £
Europe	1,882,722	644,450

#### 4 Other interest receivable and similar income

	2016 £	2015 £
Interest income on bank deposits	8,091	-

#### 5 Interest payable and similar charges

	2016 £	2015 £
Interest on bank overdrafts and borrowings	-	(666)
Interest payable on loans from group undertakings	671,000	577,200
	671,000	576,534

#### 6 Directors' remuneration

The directors' remuneration for the year was as follows:

	2016 £	2015 £
Sums paid to group companies for directors' services	19,753	7,527

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2016 No.	2015 No.
Received or were entitled to receive shares under long term incentive schemes	2	2
Accruing benefits under money purchase pension scheme	2	2

In respect of the highest paid director:

	2016 £	2015 £
Remuneration	19,753	6,890

## Severn Crossing Developments Limited

### Notes to the Financial Statements for the Year Ended 30 September 2016

#### 7 Auditor's remuneration

Audit fees are paid by the ultimate holding company for 2016 and 2015.  
There are no non-audit fees for 2016 and 2015.

#### 8 Taxation

Tax charged/(credited) in the profit and loss account

	2016 £	2015 £
<b>Current taxation</b>		
UK corporation tax	(121,938)	-
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	34,425	140,619
Arising from changes in tax rates and laws	-	(3,420)
Total deferred taxation	<u>34,425</u>	<u>137,199</u>
Tax (receipt)/expense in the profit and loss account	<u>(87,513)</u>	<u>137,199</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2015 - the same as the standard rate of corporation tax in the UK) of 20% (2015 - 20.5%).

The differences are reconciled below:

	2016 £	2015 £
Profit/(loss) before tax	<u>1,404,086</u>	<u>(2,160,931)</u>
Corporation tax at standard rate	280,817	(442,961)
Losses utilised	(368,330)	-
Reduction in tax rate on deferred tax movements	-	(3,420)
Current year losses for which no deferred tax asset recognised	-	442,961
Change in recognition of deferred tax on previously unrecognised losses	-	140,619
Total tax (credit)/charge	<u>(87,513)</u>	<u>137,199</u>

#### Deferred tax

Deferred tax assets and liabilities

	Asset £
<b>2016</b>	
Losses	-
	<u>Asset</u>
<b>2015</b>	
Losses	34,425
	<u>Asset</u>

## Severn Crossing Developments Limited

### Notes to the Financial Statements for the Year Ended 30 September 2016

#### 10 Taxation (continued)

The standard rate of corporation tax in the UK was 20% throughout the accounting period. Changes to the UK corporation tax rate were enacted by Finance (No. 2) Act 2015, reducing the main rate to 19% from 1 April 2017 and to 18% from 1 April 2020. A further reduction to 17% with effect from 1 April 2020 was enacted in Finance Act 2016 which received Royal Assent on 15 September 2016. The deferred tax assets and liabilities at 30 September 2016 have been calculated based on the rate of 17% substantively enacted at that date.

#### 9 Stocks

	2016 £	2015 £
Work in progress	10,270,000	9,510,874

Within the movement during the year on work in progress is the reversal of an impairment amounting to £1,962,409.

#### 10 Debtors

	2016 £	2015 £
Trade debtors	3,472	1,882
Amounts owed by group undertakings	-	28,440
Other debtors	31,747	29,847
Prepayments	15,581	2,970
Deferred tax assets	-	34,425
Corporation tax recoverable	121,938	-
Total current trade and other debtors	172,738	97,564

#### 11 Cash and cash equivalents

	2016 £	2015 £
Cash at bank	1,539,026	322,654

## Severn Crossing Developments Limited

### Notes to the Financial Statements for the Year Ended 30 September 2016

#### 12 Creditors

	2016 £	2015 £
<b>Due within one year</b>		
Trade creditors	23,674	31,337
Amounts due to group undertakings	-	10,400,000
Accruals and deferred income	5,526	38,785
Corporation tax	-	5
	29,200	10,470,127

#### Due after one year

Amounts due to group undertakings

11,000,000 -

Amounts due to group undertakings at 30 September 2016 are repayable in instalments between 30 September 2021 and 30 September 2031. Interest is paid annually in advance at market rates.

#### 13 Share capital

##### Allotted, called up and fully paid shares

	2016		2015	
	No.	£	No.	£
Ordinary shares of £1 each	3	3	3	3

#### 14 Dividends

The directors are proposing a final dividend of £Nil (2015 - £Nil) per share.

#### 15 Financial instruments

	2016 £	2015 £
<b>Assets measured at amortised cost:</b>		
Trade debtors	3,472	1,882
Amounts owed by related parties	-	28,440
Other debtors	31,747	29,847
<b>Liabilities measured at amortised cost:</b>		
Trade creditors	23,674	31,337
Amounts due to group undertakings	-	10,400,000
Amounts due to group undertakings after more than one year	11,000,000	-

For the financial instruments listed above, book value is equal to fair value.



## **Severn Crossing Developments Limited**

### **Notes to the Financial Statements for the Year Ended 30 September 2016**

#### **16 Parent and ultimate parent undertaking**

The company's immediate parent is Mabey Property Limited, incorporated in United Kingdom.

The ultimate parent is Mabey Holdings Limited, incorporated in United Kingdom.