

Registration number: 05747417

Severn Crossing Developments Limited
Annual Report and Financial Statements
for the Year Ended 30 September 2017



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 2017

The directors present their report and the financial statements for the year ended 30 September 2017.

Principal activity

The principal activity of the company continues to be that of property development in the UK.

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 2017. (2016 £nil).

Political donations

During the year the company made no political donations. (2016 £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.

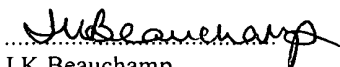
Disclosure of information to the auditor

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 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 5th 2017 and signed on its behalf by:



J K Beauchamp
Director

Severn Crossing Developments Limited

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

- select suitable accounting policies and then apply them consistently;
- make 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 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, and 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

Opinion

We have audited the financial statements of Severn Crossing Developments Limited ("the company") for the year ended 30 September 2017 which comprise the profit and loss, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Independent Auditor's Report to the Members of Severn Crossing Developments Limited (Cont)

Directors' responsibilities

As explained more fully in their statement 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; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



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

*Arlington Business Park
Theale
Reading
RG74SD*

Date 8 December 2017

Severn Crossing Developments Limited
Profit and Loss Account for the Year Ended 30 September 2017

	Note	2017 £	2016 £
Turnover	3	11,218	1,882,722
Cost of sales		<u>84,811</u>	<u>269,821</u>
Gross profit		96,029	2,152,543
Administrative expenses		<u>(108,501)</u>	<u>(85,548)</u>
Operating (loss)/profit		(12,472)	2,066,995
Other interest receivable and similar income	4	2,174	8,091
Interest payable and similar charges	5	<u>(720,500)</u>	<u>(671,000)</u>
(Loss)/profit before tax		(730,798)	1,404,086
Taxation	8	<u>142,496</u>	<u>87,513</u>
(Loss)/profit for the financial year		<u>(588,302)</u>	<u>1,491,599</u>

The above results were derived from continuing operations.

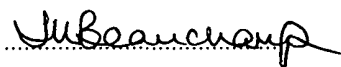
The company has no recognised gains or losses for the year other than the results above and therefore no separate statement of comprehensive income has been prepared.

Severn Crossing Developments Limited

(Registration number: 05747417)
Balance Sheet as at 30 September 2017

	Note	2017 £	2016 £
Current assets			
Stocks	9	10,716,799	10,270,000
Debtors	10	199,091	172,738
Cash at bank and in hand		501,927	1,539,026
		<u>11,417,817</u>	<u>11,981,764</u>
Creditors: Amounts falling due within one year	12	<u>(53,555)</u>	<u>(29,200)</u>
Net current assets less current liabilities		11,364,262	11,952,564
Creditors: Amounts falling due after more than one year	12	<u>(11,000,000)</u>	<u>(11,000,000)</u>
Net assets		<u>364,262</u>	<u>952,564</u>
Capital and reserves			
Called up share capital	13	3	3
Profit and loss account		<u>364,259</u>	<u>952,561</u>
Total equity		<u>364,262</u>	<u>952,564</u>

Approved and authorised by the Board on 5 Dec 2017 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 2017

	Share capital £	Profit and loss account £	Total £
At 1 October 2016	3	952,561	952,564
Loss for the year	-	(588,302)	(588,302)
Total comprehensive income	-	(588,302)	(588,302)
At 30 September 2017	3	364,259	364,262
	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

The notes on pages 9 to 14 form an integral part of these financial statements.

Severn Crossing Developments Limited

Notes to the Financial Statements for the Year Ended 30 September 2017

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.

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)

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the company. Income from property is recognised as rents fall due or as disposals are completed. Revenue is measured at the fair value of the consideration receivable net of discounts, rebates and sales taxes

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 2017

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 2017

3 Turnover

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

	2017 £	2016 £
Property	11,218	1,882,722

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

	2017 £	2016 £
Europe	11,218	1,882,722

4 Other interest receivable and similar income

	2017 £	2016 £
Interest income on bank deposits	2,174	8,091

5 Interest payable and similar expenses

	2017 £	2016 £
Interest payable on loans from group undertakings	720,500	671,000

6 Directors' remuneration

The directors' remuneration for the year was as follows:

	2017 £	2016 £
Sums paid to group companies for directors' services	12,980	19,753

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

	2017 No.	2016 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:

	2017 £	2016 £
Remuneration	12,980	19,753

Severn Crossing Developments Limited

Notes to the Financial Statements for the Year Ended 30 September 2017

7 Auditor's remuneration

	2017 £	2016 £
Audit of the financial statements	100	100

Audit fees are paid by the ultimate holding company for 2017 and 2016. A nominal amount has been allocated.

There are no non-audit fees for 2017 and 2016

8 Taxation

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

	2017 £	2016 £
Current taxation		
UK corporation tax	(142,496)	(121,938)
Deferred taxation		
Arising from origination and reversal of timing differences	-	34,425
Tax receipt in the profit and loss account	(142,496)	(87,513)

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2016 - the same as the standard rate of corporation tax in the UK) of 19.5% (2016 - 20%).

The differences are reconciled below:

	2017 £	2016 £
(Loss)/profit before tax	(730,798)	1,404,086
Corporation tax at standard rate	(142,496)	280,817
Losses utilised	-	(368,330)
Total tax credit	(142,496)	(87,513)

The standard rate of corporation tax in the UK was 19.5% 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 2017 have been calculated based on the rate of 17% substantively enacted at that date.

9 Stocks

	2017 £	2016 £
Work in progress	10,716,799	10,270,000

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

Severn Crossing Developments Limited

Notes to the Financial Statements for the Year Ended 30 September 2017

10 Debtors

	2017 £	2016 £
Trade debtors	10,200	3,472
Other debtors	17,375	31,747
Prepayments	29,020	15,581
Corporation tax recoverable	142,496	121,938
Total current trade and other debtors	199,091	172,738

11 Cash and cash equivalents

	2017 £	2016 £
Cash at bank	501,927	1,539,026

12 Creditors

	2017 £	2016 £
Due within one year		
Trade creditors	49,980	23,674
Accruals and deferred income	3,575	5,526
	53,555	29,200

Due after one year

Amounts due to group undertakings	11,000,000	11,000,000
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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

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	3	3	3	3

14 Dividends

The directors are proposing a final dividend of £Nil (2016 - £Nil) per share.

Severn Crossing Developments Limited

Notes to the Financial Statements for the Year Ended 30 September 2017

15 Financial instruments

	2017 £	2016 £
Assets measured at amortised cost:		
Trade debtors	10,200	3,472
Other debtors	17,375	31,747
Liabilities measured at amortised cost:		
Trade creditors	49,980	23,674
Due after one year		
Amounts due to group undertakings	11,000,000	11,000,000
For the financial instruments listed above, book value is equal to fair value		

16 Parent and ultimate parent undertaking

The company's immediate parent is Mabey Property Limited, One Valpy, 20 Valpy Street, Reading RG1 1AR, incorporated in United Kingdom.

The ultimate parent is Mabey Holdings Limited, One Valpy, 20 Valpy Street, Reading RG1 1AR, incorporated in United Kingdom.