

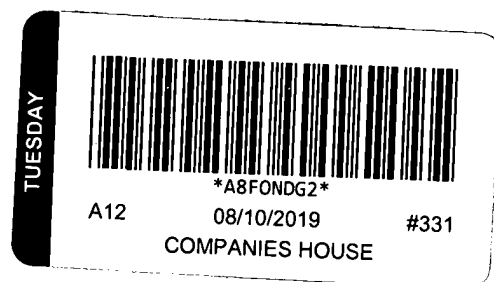
Registration number: 06362844

# Pentland Homes (Holdings) Ltd

Annual Report and Consolidated Financial Statements

for the Year Ended 31 January 2019

Pure Audit Limited  
20 Canterbury Innovation Centre,  
University Road  
Canterbury  
Kent  
CT2 7FG



## **Pentland Homes (Holdings) Ltd**

### **Contents**

Company Information	1
Strategic Report	2 to 5
Directors' Report	6
Statement of Directors' Responsibilities	7
Independent Auditor's Report	8 to 10
Consolidated Profit and Loss Account	11
Consolidated Statement of Comprehensive Income	12
Consolidated Balance Sheet	13
Balance Sheet	14
Consolidated Statement of Changes in Equity	15
Statement of Changes in Equity	16
Consolidated Statement of Cash Flows	17
Notes to the Financial Statements	18 to 31

# **Pentland Homes (Holdings) Ltd**

## **Company Information**

### **Directors**

Mr JN Tory

Mr PN Tory

Mr S R Coates

### **Company secretary**

Mr S R Coates

### **Registered office**

The Estate Office Canterbury Road  
Etchinghill  
Folkestone  
United Kingdom  
CT18 8FA

### **Auditors**

Pure Audit Limited  
20 Canterbury Innovation Centre,  
University Road  
Canterbury  
Kent  
CT2 7FG

## **Pentland Homes (Holdings) Ltd**

### **Strategic Report for the Year Ended 31 January 2019**

The directors present their strategic report for the year ended 31 January 2019.

#### **REVIEW OF BUSINESS**

The main activities of the business were the purchase and sale of land, and the building and sale of domestic homes in the south-east of England.

The directors are pleased to report on another successful year, building upon the increase in operations of the previous year and preparing for further expansion in future, with new sites being brought to the market.

The year's turnover of core business reduced slightly by 3% to £38.6m from last year's figure and the sales mix resulted in smaller profit margins, while unit prices were maintained or increased, reflecting the underlying strength of the market and the group's products. In addition, a piece of land was sold by Pentland Kent Ltd for £10m, contributing to a group pre-tax profit of £10.4m.

The key financial and other performance indicators during the year were as follows:

	<b>2019</b>	<b>2018</b>	<b>Change</b>
	<b>£'000</b>	<b>£'000</b>	<b>%</b>
Turnover	48,253	39,905	21
Cost of Sales	(34,104)	(31,929)	7
Gross Margin	14,149	7,977	77
Operating Profit	10,998	4,493	145
<b>Pre-Tax Profit</b>	<b>10,446</b>	<b>3,763</b>	<b>178</b>

The average margin on sales of open market homes increased from 27% to 33%.

The group built a higher proportion of affordable homes and work for third parties, at lower margins which reduced to overall gross profits from 20% to 14%.

Building material and labour costs increased in the year at a lower rate than in the last two years, but rises have been absorbed in the gross margin.

Although the Group continued to invest in staff and administrative facilities in response to the higher business activity, other savings were made and overheads were 11% lower in the year.

The balance sheet was strengthened during the year as net current assets increased by £2.08m (10%).

	<b>2019</b>	<b>2018</b>	<b>Change</b>
	<b>£'000</b>	<b>£'000</b>	<b>%</b>
Shareholders' funds	30,706	21,921	40
Net Current assets	29,217	20,479	43
Cash	1,020	2,852	(64)

## **Pentland Homes (Holdings) Ltd**

### **Strategic Report for the Year Ended 31 January 2019**

	<b>2019</b>	<b>2018</b>	<b>Change</b>
	<b>£'000</b>	<b>£'000</b>	<b>%</b>
Land	14,476	15,321	(6)
Build WIP	29,129	14,414	102
Speculative WIP	1,480	1,329	11
<b>Land and WIP</b>	<b>45,085</b>	<b>31,064</b>	<b>45</b>

Build WIP at the end of the year increased significantly as costs were incurred on infrastructure and preliminary works on new sites, which will prepare the company well for next year and for a number of years beyond.

#### **Other KPIs**

The number of homes sold in 2019 was 79 (2018: 83 -5%).

One major piece of land was purchased in the year adding 30 plots to the stock, and planning gains were achieved in two sites.

Land owned by the group with either outline or detailed planning permission increased from 385 to 1,584 plots; 79 were sold in the year and permission was approved on a further 1,278.

The group continues to follow a policy of bringing existing land forward for development and adding new sites when required. The holding at the end of the year represented over five years' supply at the current rate of build, but this rate is expected to increase in the coming years and the group's preparations have been made accordingly.

The total number of employees increased in the year from 44 to 48 in response to the increased level of activity and larger number of sites, and the group's business plan of maintaining a strong development team and skilled building managers continues to be successful.

The directors believe that the steady performance in the year and the ownership of land stocks which either have or are progressing towards planning permission keeps the group in a strong position to increase turnover and profits in forthcoming years.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

This report reflects a fluctuating year of trading, as consumer confidence seemed to change with prevailing political events. There was a reduction in customer numbers in the run-up to the first Brexit date, but the pent-up demand was released thereafter, so that the numbers of plots sold recovered by mid-2019. A similar effect in the later Brexit date cannot be discounted, so the group is proceeding with caution.

Underlying market conditions in the south east of England remain very good, however, as demand for homes outstrips supply and the planning situation has improved as more local authorities are getting their plans in place.

Shortages of labour and materials have recurred, and the group is tackling these as or before they arise.

#### **Market threats**

The continued shortage of available housing to meet demand was reflected in significant price inflation seen in the past few years. The directors believe that this will continue but at a slower rate, as the recent economic downturn and market uncertainty reduces activity in the housing sector.

Competition from other developers and from the second-hand market both appear to be inadequate to meet this underlying demand, so both the numbers of buyers and the prices offered are likely to be maintained.

## **Pentland Homes (Holdings) Ltd**

### **Strategic Report for the Year Ended 31 January 2019**

The group experienced a fall in demand in the second half of the year, with Brexit cited as the main reason for customers not progressing with purchases; as a consequence the stocks of houses at each site increased and action was taken to constrain activity on stock plots. These conditions proved to be temporary, and reservations are now running at a higher level and the stock plots are selling quickly.

The prospect of Brexit towards the end of 2019 remains a significant threat to all parts of the economy, with a 'no deal' exit posing particular risks. To prepare for this eventuality, the pace of building remains cautious to maintain low stock levels and reduced borrowing.

The group continues to develop a retirement village of bungalows and flats in Hawkinge. This provides a broader offer to the housing market, and reduces exposure to the mainstream housing market.

#### **Operational threats**

The industry has continued to experience shortages of resources as the construction activity has recovered since 2010. Longer lead-times for some materials are quoted when supplies are scarce, and consequent cost inflation has been noticeable in some areas. Skilled tradesmen are in demand, and sub-contractors are having to give pay increases to retain staff, passing costs onto the group.

The group has mitigated shortages and cost increases by obtaining early quotes and by placing bulk orders.

These issues have been relieved in part by the group's excellent long-term relationships with sub-contractors and by its high-quality long-standing management team, and the directors are committed to ensuring that these strengths are maintained in the future.

The availability of developable land and achieving planning permissions are two of the biggest difficulties for house-builders but the group has built up a portfolio of strategic sites that will provide for the future and limits the need to purchase sites with planning permission already granted. The group has started to develop a large site at Canterbury which is expected to provide income and profits for the foreseeable future, in addition to sites already held and others to be purchased as they become available.

#### **Financial threats**

The directors believe that the group is in a strong position as a robust financial structure has been put in place to review and react to any perceived threats. The uncertainty that the referendum result brought to the economic situation seems to have had an effect on the rate of sales in the second half of the year, but has had no apparent effect on house prices. The geographical position of the group's sites could mean that it benefits from customers moving out of the more expensive parts of the south-east and London. Further economic difficulties may be experienced as the country leaves the EU, and the directors have taken steps to prepare the financial structure of the business in advance of this period and to manage the land bank appropriately.

There remains an under-supply of housing for the current demand and the government is still looking to support the industry and first-time buyers.

Availability of mortgages is not generally a problem for our buyers, and some have benefited from the government-backed Help-to-Buy scheme. The group is aware, however, that the Help-to-Buy scheme could be removed in March 2021.

Customers are able to obtain mortgages at historically low interest rates. Financial commentators are generally agreed that this situation is likely to continue for the foreseeable future, so the impact on house sale numbers and prices should be minimal.

The removal of mortgage interest tax relief on Buy-to-Let mortgages between 2017 and 2020 has had an immediate effect on demand, but it is considered that this will not have a significant effect on the group's business as investors have now returned to the market.

## **Pentland Homes (Holdings) Ltd**

### **Strategic Report for the Year Ended 31 January 2019**

At the year-end the group had borrowed £11.5m from Lloyds Bank at a percentage above base rate. The directors have reviewed the risk of interest rate changes on this loan and although there seems to be little risk of significant increases, the group has invested in a mechanism to protect against the effects of an increase to protect the group's profits.

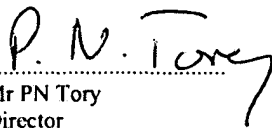
#### **Strategic threats**

The directors previously considered that the greatest threat to the development of the group's business was the availability of funding, but the group has maintained lines of finance that supports the current level of business while further funding is being prepared to assist the development of larger sites in future.

Constraints posed to the planned growth of the business by the difficulty of obtaining planning consent on new sites have now been resolved as the group has achieved agreement to detailed plans on a number of existing sites, and the group now has a sufficiency of land for the future.

The group ensures that it complies fully with all Health and Safety, Building Regulation and other legislation.

Approved by the Board on 6 September 2019 and signed on its behalf by:

  
Mr PN Tory  
Director

## **Pentland Homes (Holdings) Ltd**

### **Directors' Report for the Year Ended 31 January 2019**

The directors present their report and the for the year ended 31 January 2019.

#### **Directors of the group**

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

Mr JN Tory

Mr PN Tory

Mr S R Coates (appointed 1 July 2018)

The directors recommended a final dividend of £15.32 per share amounting to £240,000, making a total of £240,000 for the year ended 31 January 2019 (2018: £650,000).

#### **Future developments**

The group has built up a land bank that will provide an increasing number of house sales in the future. Planning permission has been achieved for many existing owned sites, but the directors will consider purchasing new parcels of land for prompt development.

#### **Research and development**

The group continues to investigate alternative methods of construction, for improved build quality and efficiency of construction processes.

#### **Going concern**

The activities of the group and the factors that are likely to affect its future development, financial position and risk management objectives are described in the Strategic Report.

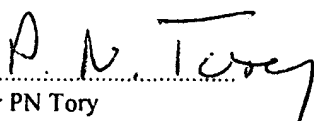
The group has considerable financial resources and access to further funding, and the directors consider that the group is in a strong position to manage its business risks and to take advantage of the current favourable market conditions in the house-building industry. Consequently they continue to adopt the going concern basis in preparing the annual report and accounts.

The directors have reviewed the company's business and consider that there are no liabilities that have not been shown in the balance sheet.

#### **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.

Approved by the Board on 6 September 2019 and signed on its behalf by:

  
Mr PN Tory  
Director



## **Pentland Homes (Holdings) Ltd**

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

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 apply them consistently;
- make judgements and accounting 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Pentland Homes (Holdings) Ltd**

### **Independent Auditor's Report to the Members of Pentland Homes (Holdings) Ltd**

#### **Opinion**

We have audited the financial statements of Pentland Homes (Holdings) Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 January 2019, which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 January 2019 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 the 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, 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.

#### **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.

## **Pentland Homes (Holdings) Ltd**

### **Independent Auditor's Report to the Members of Pentland Homes (Holdings) Ltd**

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.

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

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

In the light of our 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 and 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 Statement of Directors' Responsibilities [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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

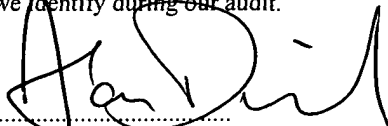
As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

## **Pentland Homes (Holdings) Ltd**

### **Independent Auditor's Report to the Members of Pentland Homes (Holdings) Ltd**

- 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 purpose 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.
- 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.



Alan Davidson (Senior Statutory Auditor)

For and on behalf of Pure Audit Limited, Statutory Auditor

20 Canterbury Innovation Centre,  
University Road  
Canterbury  
Kent  
CT2 7FG

Date: 6 September 2019

# Pentland Homes (Holdings) Ltd

## Consolidated Profit and Loss Account for the Year Ended 31 January 2019

	Note	2019 £	2018 £
Turnover	3	48,253,190	39,905,438
Cost of sales		<u>(34,103,847)</u>	<u>(31,928,512)</u>
Gross profit		14,149,343	7,976,926
Distribution costs		(1,273,689)	(1,468,640)
Administrative expenses		(1,965,729)	(2,159,237)
Other operating income	4	<u>87,934</u>	<u>143,685</u>
Operating profit	6	<u>10,997,859</u>	<u>4,492,734</u>
Other interest receivable and similar income	7	98,900	5,096
Interest payable and similar expenses	8	<u>(651,071)</u>	<u>(735,272)</u>
		<u>(552,171)</u>	<u>(730,176)</u>
Profit before tax		10,445,688	3,762,558
Taxation	12	<u>(1,920,020)</u>	<u>(581,040)</u>
Profit for the financial year		<u>8,525,668</u>	<u>3,181,518</u>
<b>Profit/(loss) attributable to:</b>			
Owners of the company		7,841,571	3,193,414
Minority interests		<u>684,097</u>	<u>(11,896)</u>
		<u>8,525,668</u>	<u>3,181,518</u>

The group has no recognised gains or losses for the year other than the results above.

**Pentland Homes (Holdings) Ltd**

**Consolidated Statement of Comprehensive Income for the Year Ended 31 January 2019**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Profit for the year	8,525,668	3,181,518
Total comprehensive income for the year	8,525,668	3,181,518
<b>Total comprehensive income attributable to:</b>		
Owners of the company	7,841,571	3,193,414
Minority interests	684,097	(11,896)
	8,525,668	3,181,518

The notes on pages 18 to 31 form an integral part of these financial statements.

# Pentland Homes (Holdings) Ltd

(Registration number: 06362844)

## Consolidated Balance Sheet as at 31 January 2019

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	13	985,435	1,051,868
Investment property	14	1,258,893	1,229,706
		<u>2,244,328</u>	<u>2,281,574</u>
<b>Current assets</b>			
Stocks	15	45,085,376	31,064,254
Debtors	16	9,922,603	6,684,214
Cash at bank and in hand		1,019,722	2,852,208
		<u>56,027,701</u>	<u>40,600,676</u>
<b>Creditors: Amounts falling due within one year</b>	18	<u>(26,810,259)</u>	<u>(20,121,928)</u>
<b>Net current assets</b>		<u>29,217,442</u>	<u>20,478,748</u>
<b>Total assets less current liabilities</b>		31,461,770	22,760,322
<b>Creditors: Amounts falling due after more than one year</b>	18	-	(56,794)
<b>Provisions for liabilities</b>		<u>(1,438,649)</u>	<u>(781,334)</u>
<b>Net assets</b>		<u>30,023,121</u>	<u>21,922,194</u>
<b>Capital and reserves</b>			
Called up share capital	20	15,664	15,664
Share premium reserve		3,309,814	3,309,814
Profit and loss account		<u>26,012,284</u>	<u>18,595,454</u>
<b>Equity attributable to owners of the company</b>		29,337,762	21,920,932
<b>Minority interests</b>		<u>685,359</u>	<u>1,262</u>
<b>Total equity</b>		<u>30,023,121</u>	<u>21,922,194</u>

Approved and authorised by the Board on 6 September 2019 and signed on its behalf by:

P. N. Tory

Mr PN Tory  
Director

The notes on pages 18 to 31 form an integral part of these financial statements.

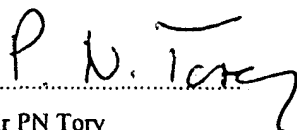
**Pentland Homes (Holdings) Ltd**

**(Registration number: 06362844)**  
**Balance Sheet as at 31 January 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Investments		15,674	15,674
<b>Current assets</b>			
Cash at bank and in hand		6,424	191,246
<b>Net assets</b>		<u>22,098</u>	<u>206,920</u>
<b>Capital and reserves</b>			
Called up share capital	20	15,664	15,664
Profit and loss account		6,434	191,256
<b>Total equity</b>		<u>22,098</u>	<u>206,920</u>

The company made a profit after tax for the financial year of £239,919 (2018 - profit of £649,917).

Approved and authorised by the Board on <sup>6 September 2019</sup> and signed on its behalf by:

  
Mr PN Tory  
Director



**Pentland Homes (Holdings) Ltd**

**Consolidated Statement of Changes in Equity for the Year Ended 31 January 2019**  
**Equity attributable to the parent company**

	Share capital £	Share premium £	Profit and loss account £	Total £	Non- controlling interests £	Total equity £
At 1 February 2018	15,664	3,309,814	18,595,454	21,920,932	1,262	21,922,194
Profit for the year	-	-	7,841,571	7,841,571	684,097	8,525,668
Total comprehensive income	-	-	7,841,571	7,841,571	684,097	8,525,668
Dividends	-	-	(424,741)	(424,741)	-	(424,741)
At 31 January 2019	15,664	3,309,814	26,012,284	29,337,762	685,359	30,023,121
	Share capital £	Share premium £	Profit and loss account £	Total £	Non- controlling interests £	Total equity £
At 1 February 2017	15,664	3,309,814	15,867,880	19,193,358	13,158	19,206,516
Profit/(loss) for the year	-	-	3,193,414	3,193,414	(11,896)	3,181,518
Total comprehensive income	-	-	3,193,414	3,193,414	(11,896)	3,181,518
Dividends	-	-	(465,840)	(465,840)	-	(465,840)
At 31 January 2018	15,664	3,309,814	18,595,454	21,920,932	1,262	21,922,194

The notes on pages 18 to 31 form an integral part of these financial statements.  
Page 15

**Pentland Homes (Holdings) Ltd**

**Statement of Changes in Equity for the Year Ended 31 January 2019**

	Share capital £	Profit and loss account £	Total £
At 1 February 2018	15,664	191,256	206,920
Profit for the year	-	239,919	239,919
Total comprehensive income	-	239,919	239,919
Dividends	-	(424,741)	(424,741)
At 31 January 2019	15,664	6,434	22,098
	Share capital £	Profit and loss account £	Total £
At 1 February 2017	15,664	7,179	22,843
Profit for the year	-	649,917	649,917
Total comprehensive income	-	649,917	649,917
Dividends	-	(465,840)	(465,840)
At 31 January 2018	15,664	191,256	206,920

The notes on pages 18 to 31 form an integral part of these financial statements.

# Pentland Homes (Holdings) Ltd

## Consolidated Statement of Cash Flows for the Year Ended 31 January 2019

	Note	2019 £	2018 £
<b>Cash flows from operating activities</b>			
Profit for the year		8,525,668	3,181,518
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	6	310,801	306,159
Changes in fair value of investment property	14	(29,187)	(64,000)
(Profit)/loss on disposal of tangible assets	5	(12,287)	3,072
Finance income	7	(98,900)	(5,096)
Finance costs	8	651,071	735,272
Income tax expense	12	1,920,020	581,040
		<u>11,267,186</u>	<u>4,737,965</u>
Working capital adjustments			
Increase in stocks	15	(14,021,122)	(6,477,791)
Decrease/(increase) in trade debtors	16	311,683	(467,746)
(Decrease)/increase in trade creditors	18	(966,639)	212,561
Increase/(decrease) in provisions		<u>698,391</u>	<u>(80,440)</u>
Cash generated from operations		(2,710,501)	(2,075,451)
Income taxes paid	12	(429,921)	(628,806)
Net cash flow from operating activities		<u>(3,140,422)</u>	<u>(2,704,257)</u>
<b>Cash flows from investing activities</b>			
Interest received		98,900	5,096
Acquisitions of tangible assets		(271,181)	(937,766)
Proceeds from sale of tangible assets		39,100	61,151
Acquisition of investment properties	14	<u>-</u>	<u>(183,903)</u>
Net cash flows from investing activities		<u>(133,181)</u>	<u>(1,055,422)</u>
<b>Cash flows from financing activities</b>			
Interest paid	8	(651,071)	(735,272)
Proceeds from bank borrowing draw downs		5,947,176	7,000,000
Repayment of bank borrowing		(1,634,403)	(1,000,000)
Repayment of other borrowing		(1,782,638)	(1,186,347)
Payments to finance lease creditors		(13,206)	(12,477)
Dividends paid		<u>(424,741)</u>	<u>(465,840)</u>
Net cash flows from financing activities		<u>1,441,117</u>	<u>3,600,064</u>
Net decrease in cash and cash equivalents		(1,832,486)	(159,615)
Cash and cash equivalents at 1 February		<u>2,852,208</u>	<u>3,011,823</u>
Cash and cash equivalents at 31 January		<u>1,019,722</u>	<u>2,852,208</u>

The notes on pages 18 to 31 form an integral part of these financial statements.

## **Pentland Homes (Holdings) Ltd**

### **Notes to the Financial Statements for the Year Ended 31 January 2019**

#### **1 General information**

The company is a private company limited by share capital, incorporated in England and Wales.

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

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

##### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

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.

##### **Basis of consolidation**

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 January 2019.

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

## **Pentland Homes (Holdings) Ltd**

### **Notes to the Financial Statements for the Year Ended 31 January 2019**

#### **Going concern**

The financial statements have been prepared on a going concern basis.

#### **Judgements**

Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### **Key sources of estimation uncertainty**

Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

##### **i) Valuation of inventories**

The company values inventories at the lower of cost and net realisable value. The net realisable value is based on the judgement of the probability that planning consent will be granted for each site. The company believes that based on directors' experience, planning consent will be given. If planning consent was not achieved then a provision may be required against inventories.

In applying the company's accounting policy for the valuation of inventories the directors are required to assess the expected selling price and costs to sell each of the plots or units that constitute the company's work in progress. Cost includes the cost of acquisition of sites, the cost of infrastructure and construction works, and legal and professional fees incurred during development prior to sale. Estimation of selling price is subject to significant inherent uncertainties, in particular the prediction of future trends in the market value of land.

Whilst the directors exercise due care and attention to make reasonable estimates, taking into account all available information in estimating the future selling price, the estimates will, in all likelihood, differ from actual selling prices achieved in future periods and these differences may, in certain circumstances, be very significant. The critical judgement in respect of receipt of planning consent further increases the level of estimation uncertainty.

##### **ii) Useful economic lives of tangible assets**

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and physical condition of the assets.

#### **Revenue recognition**

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the group's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

The group recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

Revenue from sale of residential units is recognised on legal completion which is when title passes to the buyer. and specific criteria have been met for each of the group's activities.

## **Pentland Homes (Holdings) Ltd**

### **Notes to the Financial Statements for the Year Ended 31 January 2019**

#### **Tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the group operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the consolidated financial statements.

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

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

#### **Tangible assets**

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

#### **Depreciation**

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Buildings	2% on cost
Plant and Machinery	25% on cost
Fixtures and Fittings	25% on cost
Motor Vehicles	25% on cost

#### **Investment property**

Investment property is carried at fair value, derived from the current market prices for comparable real estate determined annually by external valuers. The valuers use observable market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in profit or loss.

#### **Business combinations**

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

## **Pentland Homes (Holdings) Ltd**

### **Notes to the Financial Statements for the Year Ended 31 January 2019**

#### **Investments**

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

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

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

#### **Debtors**

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

#### **Work in Progress**

The attributable profit on developments is recognised on a plot by plot basis, with each plot being recognised when legal title passes to the buyer.

Costs associated with developments are included in the work in progress to the extent that they cannot be matched with plot sales accounted for as turnover. Development balances included in work in progress are stated at cost after provision for any unforeseeable losses.

Full provision is made for losses on all development in the year in which the loss is first foreseen.

#### **Creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

## **Pentland Homes (Holdings) Ltd**

### **Notes to the Financial Statements for the Year Ended 31 January 2019**

#### **Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

#### **Provisions**

Provisions are recognised when the group has an obligation at the reporting date as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

#### **Leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

#### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

#### **Dividends**

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

#### **Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

### **3 Revenue**

The analysis of the group's revenue for the year from continuing operations is as follows:



## **Pentland Homes (Holdings) Ltd**

### **Notes to the Financial Statements for the Year Ended 31 January 2019**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Sale of goods	48,248,330	39,905,438
Rental income from investment property	4,860	-
	<u>48,253,190</u>	<u>39,905,438</u>

#### **4 Other operating income**

The analysis of the group's other operating income for the year is as follows:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Miscellaneous other operating income	<u>87,934</u>	<u>143,685</u>

#### **5 Other gains and losses**

The analysis of the group's other gains and losses for the year is as follows:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Gain (loss) on disposal of property, plant and equipment	12,287	(3,072)
Gain (loss) on investment properties	<u>29,187</u>	<u>64,000</u>
	<u>41,474</u>	<u>60,928</u>

## Pentland Homes (Holdings) Ltd

### Notes to the Financial Statements for the Year Ended 31 January 2019

#### 6 Operating profit

Arrived at after charging/(crediting)

	2019 £	2018 £
Depreciation expense	310,801	306,159
Operating lease expense - plant and machinery	16,477	14,783
(Profit)/loss on disposal of property, plant and equipment	<u>(12,287)</u>	<u>3,072</u>

#### 7 Other interest receivable and similar income

	2019 £	2018 £
Interest income on financial assets	98,612	-
Interest income on bank deposits	288	5,096
	<u>98,900</u>	<u>5,096</u>

#### 8 Interest payable and similar expenses

	2019 £	2018 £
Interest on bank overdrafts and borrowings	553,612	401,725
Interest on obligations under finance leases and hire purchase contracts	3,200	3,503
Interest expense on other finance liabilities	94,259	330,044
	<u>651,071</u>	<u>735,272</u>

#### 9 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2019 £	2018 £
Wages and salaries	2,789,484	2,995,670
Social security costs	322,760	395,668
Other short-term employee benefits	-	20,515
Pension costs, defined contribution scheme	33,944	19,333
Other post-employment benefit costs	35,049	36,936
Other employee expense	65,464	174,631
	<u>3,246,701</u>	<u>3,642,753</u>

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

# **Pentland Homes (Holdings) Ltd**

## **Notes to the Financial Statements for the Year Ended 31 January 2019**

	<b>2019 No.</b>	<b>2018 No.</b>
Production	21	23
Administration and support	25	21
	<u>46</u>	<u>44</u>

### **10 Directors' remuneration**

The directors' remuneration for the year was as follows:

	<b>2019 £</b>	<b>2018 £</b>
Remuneration	<u>846,653</u>	<u>916,329</u>

### **11 Auditors' remuneration**

	<b>2019 £</b>	<b>2018 £</b>
Audit of these financial statements	<u>8,100</u>	<u>7,750</u>

### **12 Taxation**

Tax charged/(credited) in the income statement

	<b>2019 £</b>	<b>2018 £</b>
<b>Current taxation</b>		
UK corporation tax	1,961,096	734,883
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	<u>(41,076)</u>	<u>(153,843)</u>
Tax expense in the income statement	<u>1,920,020</u>	<u>581,040</u>

### **Deferred tax**

**Group**

# Pentland Homes (Holdings) Ltd

## Notes to the Financial Statements for the Year Ended 31 January 2019

### 13 Tangible assets

#### Group

	Land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Other tangible assets £
<b>Cost or valuation</b>				
At 1 February 2018	510,815	155,621	535,043	734,081
Additions	-	31,034	113,364	126,783
Disposals	-	-	(95,105)	-
At 31 January 2019	510,815	186,655	553,302	860,864
<b>Depreciation</b>				
At 1 February 2018	10,216	77,441	244,541	551,494
Charge for the year	10,216	44,309	131,704	124,572
Eliminated on disposal	-	-	(68,292)	-
At 31 January 2019	20,432	121,750	307,953	676,066
<b>Carrying amount</b>				
At 31 January 2019	490,383	64,905	245,349	184,798
At 31 January 2018	500,599	78,180	290,502	182,587
				<b>Total £</b>
<b>Cost or valuation</b>				
At 1 February 2018				1,935,560
Additions				271,181
Disposals				(95,105)
At 31 January 2019				2,111,636
<b>Depreciation</b>				
At 1 February 2018				883,692
Charge for the year				310,801
Eliminated on disposal				(68,292)
At 31 January 2019				1,126,201
<b>Carrying amount</b>				
At 31 January 2019				985,435
At 31 January 2018				1,051,868

# **Pentland Homes (Holdings) Ltd**

## **Notes to the Financial Statements for the Year Ended 31 January 2019**

### **14 Investment properties**

#### **Group**

	2019 £
At 1 February	1,229,706
Fair value adjustments	<u>29,187</u>
At 31 January	<u>1,258,893</u>

There has been no valuation of investment property by an independent valuer.

### **15 Stocks**

	<b>Group</b>		<b>Company</b>	
	2019 £	2018 £	2019 £	2018 £
Work in progress	44,415,376	27,870,187	-	-
Finished goods and goods for resale	<u>670,000</u>	<u>3,194,067</u>	<u>-</u>	<u>-</u>
	<u>45,085,376</u>	<u>31,064,254</u>	<u>-</u>	<u>-</u>

#### **Group**

### **16 Debtors**

		<b>Group</b>		<b>Company</b>	
	Note	2019 £	2018 £	2019 £	2018 £
Trade debtors		823,944	644,712	-	-
Amounts owed by related parties	22	8,390,674	4,840,602	-	-
Other debtors		449,997	579,140	-	-
Prepayments		175,344	619,760	-	-
Gross amount due from customers for contract work		<u>82,644</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>9,922,603</u>	<u>6,684,214</u>	<u>-</u>	<u>-</u>

# Pentland Homes (Holdings) Ltd

## Notes to the Financial Statements for the Year Ended 31 January 2019

### 17 Cash and cash equivalents

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Cash at bank	1,019,722	2,852,208	6,424	191,246

### 18 Creditors

		Group		Company	
	Note	2019	2018	2019	2018
		£	£	£	£
<b>Due within one year</b>					
Loans and borrowings	21	11,556,794	13,147,609	-	-
Trade creditors		2,151,056	2,717,612	-	-
Amounts due to related parties	22	9,497,248	1,782,638	-	-
Social security and other taxes		123,595	213,489	-	-
Other payables		976,023	869,288	-	-
Accruals		667,120	1,084,044	-	-
Income tax liability	12	1,838,423	307,248	-	-
		26,810,259	20,121,928	-	-
<b>Due after one year</b>					
Loans and borrowings	21	-	56,794	-	-

### 19 Pension and other schemes

#### Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £33,944 (2018 - £19,333).

### 20 Share capital

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

	2019		2018	
	No.	£	No.	£
Ordinary Shares of £1 each	15,664	15,664	15,664	15,664

**Pentland Homes (Holdings) Ltd**

**Notes to the Financial Statements for the Year Ended 31 January 2019**

**21 Loans and borrowings**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Non-current loans and borrowings</b>				
Finance lease liabilities	-	56,794	-	-

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Current loans and borrowings</b>				
Bank borrowings	11,500,000	13,134,403	-	-
Finance lease liabilities	56,794	13,206	-	-
	<u>11,556,794</u>	<u>13,147,609</u>	<u>-</u>	<u>-</u>

## **Pentland Homes (Holdings) Ltd**

### **Notes to the Financial Statements for the Year Ended 31 January 2019**

#### **Secured Debts**

The group's bank, Lloyds Bank Plc, has legal charge over portions of land owned by the Pentland Homes Ltd (PHIL) as listed below:

i) A 1st legal charge dated 31 October 2014 over commercial freehold land known as Park Farm Road, Folkestone, Kent.

ii) A 1st legal charge dated 8 September 2015 over commercial freehold land known as The Former Sissinghurst Primary School, The Street, Sissinghurst, Cranbrook, Kent. Park Farm Road, Folkestone, Kent.

iii) A 1st legal charge dated 3 November 2015 over commercial freehold land known as The Former Potato Packing Plant, Cockreed Lane, New Romney, Kent.

iv) A fixed charge dated 25 July 2016 over Pentland Homes Limited.

v) A fixed and floating charge covering all property undertaken by Pentland Homes Limited dated 2 August 2016.

vi) A charge over land adjoining to New Street Farm, Great Chart, Ashford registered at the Land Registry under title number TT42532 was created on 23 August 2016.

vii) A charge over land on the east side of Hollow Lane, Canterbury, CT1 3SB was created on 23 August 2016.

viii) A fixed and floating charge on land located on the South side of Cockreed Lane, New Romney. The charge was created on 26/11/2018.

ix) A fixed and floating charge on land lying to the North of Canterbury Road, Lydden, Dover. The charge was created on 26/11/2018.

x) A fixed and floating charge on land located on West Side of Stone Street, Stelling Minnis. The charge was created on 24/05/2019.

#### **Other charges:**

A C Hulme & Sons and D A Phillips & Co Limited have registered a legal charge on 29 February 2012 on freehold property at Shalmsford Farm, Chartham, Kent for securing all monies due or to become due to A C Hulme & Sons and D A Phillips & Co Limited under the terms of the contract for the sale of land at Shalmsford Street.

Jacqueline Margaret Stocker and James Keefe have registered a legal charge 23 March 2010 on that part of the land lying on the North-East of Maidstone Road, Ashford, Kent. The amount secured was £180,000 in accordance with the agreement relating to the sale of the property.

Jacqueline Margaret Stocker and James Keefe have registered a legal charge 23 March 2010 on that part of the land lying on the North-East of Maidstone Road, Ashford, Kent. The amount secured was £270,000 in accordance with the agreement relating to the sale of the property.



Westerley Investments Limited have registered a legal charge on 14 May 2004 on freehold property Pound Farm, Kingsnorth, Ashford, Kent on all initial overage payments and further overage payments which may become due at any time within the Perpetuity Period.

## **Pentland Homes (Holdings) Ltd**

### **Notes to the Financial Statements for the Year Ended 31 January 2019**

#### **22 Related party transactions**

##### **Group**

##### **Transactions with directors**

Following balances were outstanding at the year end:

Loans payable to directors totalled £Nil (2018: £1.78m). During the year the group paid interest of £23k (2018: £139k) on the loan.

The group owns 43.4% share of the investment property in Canada, the remainder is owned by a director of the group. Investment property included in the balance sheet represents the group's share of the property.

During the year the group sold land for £100,000 and has provided £50,785 worth of goods and services to one of its directors. All of the invoices have been paid in full and there was no balance outstanding at the year end.

##### **Transactions with group and related party undertakings**

Pentland Homes (Holdings) Ltd, a parent company of Pentland Homes Ltd, is controlled by P N Tory and J N Tory. During the year following transactions occurred:

1) P N Tory and J N Tory are both directors of Pentland Homes Limited and also control, Cave Hotels (UK) Ltd, Pentland Golf, Etchinghill Golf and Boughton Golf. During the year following transactions occurred with the above businesses:

Costs of £12,153 (2018: £36,713) recharged to Cave Hotels UK Ltd (Formerly Pentland Golf Ltd) and costs of £920 (2018: £65,635) recharged by Pentland Golf.

Costs of £Nil (2018: £12,888) recharged to Boughton Golf.

Purchases of £77,293 (2018: Sale of £263,835) to Etchinghill Golf.

At the year end Cave Hotels (UK) Ltd was owed £27 (2018: £14 owed by) to the company.

At the year end Boughton Golf owed £145,213 (2018: £385,344) to the company and the company owed £2,697 (2018: £648) to Etchinghill Golf.

2) P N Tory and J N Tory are both directors and shareholders of Pentland Properties Ltd and also directors of Pentland Homes Ltd. During the year the company provided £923,206 (2018: £15,088,989) worth of goods and services and £820,000 loan to Pentland Properties Ltd. At the year end, the company owed £1,106,574 (2018: £4,840,601 owed by) to Pentland Properties Ltd.

3) Pentland Kent Ltd is a 90% subsidiary of Pentland Homes (Holdings) Limited. During the year the company recharged costs of £345,718 (2018: £79,112) to Pentland Kent Ltd. At the year end the company owed £8,390,674 (2018: £1,037,986 owed by) to Pentland Kent Ltd.