

CH

Company Registration No. 09254051 (England and Wales)

GDL (MILLHARBOUR) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

MONDAY



L90G0Q80

LD7

09/03/2020

#17

COMPANIES HOUSE

GDL (MILLHARBOUR) LIMITED

COMPANY INFORMATION

Directors	S S Conway D O'Sullivan J Cole J S Goldstein
Secretary	A W Porter
Company number	09254051
Registered office	3rd Floor Sterling House Langston Road Loughton Essex IG10 3TS
Auditor	BDO LLP 55 Baker Street London United Kingdom W1U 7EU
Business address	PO Box 206 Loughton Essex IG10 1PL

GDL (MILLHARBOUR) LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 6
Statement of comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Notes to the financial statements	10 - 18

GDL (MILLHARBOUR) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic report and financial statements for the year ended 31 December 2019.

Review of the business

Construction continues on the site and is due to complete in the early months 2020 with sales completing by June 2020. During the year the two large contracts comprising 604 units completed.

The United Kingdom has now entered the transition period following its withdrawal from the European Union. Whilst the full effect of this departure cannot be gauged with any certainty it is thought, at the very least, that there will be pressure on labour and material costs in response to the possible future introduction of tariffs and immigration restrictions.

Inevitably, the economic environment had an adverse effect on the housing market during 2019. The result of the general election towards the end of the year has lifted the mood however with both businesses and individuals now feeling able to plan ahead with more certainty. The cyclical nature of the market indicates that an upturn is to be expected and the company is confident that this will be felt during 2020.

Principal risks and uncertainties

The principal risks faced by the company are those associated with being part of a large property group. These risks are considered minimal due to strong present and anticipated trading of the group. Whilst there will always be risks associated with the activity of property development the group is generally risk-averse and makes every effort to manage that risk. Thus the possibility of cost overruns is minimised by the use of fixed price contracts and disciplined budgetary control; the uncertainty inherent in borrowing at fluctuating rates of interest is mitigated by the use of treasury instruments such as interest rate swaps where appropriate; the risks associated with failure to obtain planning permission are mitigated by the acquisition of land that is in a suitable location and, where possible, is income producing to offset holding costs; the risk of a downturn in demand as a result of adverse market conditions is reduced by the pre-selling of developments; and the risk of sustaining significant losses on particular developments is addressed by the participation of joint venture partners.

Stakeholder engagement

The directors acknowledge their obligations under s172 of the Companies Act 2006 to give due consideration to a variety of factors other than just the interests of the shareholders in making decisions that have a material impact on the operation of the group. The wider impact on stakeholders such as employees, customers, suppliers, subcontractors, funders, joint venture partners and local communities are also considered when making strategic decisions and this is an important part of the decision-making process.

Although the company has no employees of its own there are many individuals, largely subcontractors and employees of Galliard, fulfilling equivalent roles and without whom the company could not function. The interests of this workforce is always at the forefront of any decision by the directors as the wellbeing of all workers, whether payrolled or not, is of paramount importance. Typical considerations include health and safety, remuneration, working environment and welfare. As an integral part of the Galliard group, every effort is made to keep all staff informed of the company's progress by means of a regular online magazine and comprehensive intranet service.

The sourcing of both materials and subcontractor capability is an important function within the business and the group's procurement department maintains close contact with its suppliers to foster mutually beneficial relationships. We constantly seek new and improved components to enhance the quality of our finished building product and add value to the investment made by our customers. The company's payment practices are in line with other companies in the sector and have shown an improvement since the current reporting requirements were introduced by the government.

Value for money and the offer of an unrivalled service to our customers is what we believe sets Galliard apart from its competitors. We believe in offering the right product at the right price and would point to our level of repeat buyers as evidence that this policy is succeeding. We offer all buyers the opportunity of independent mortgage and legal advice as well as a choice of furniture packs should that be required and a comprehensive aftercare service. For those purchasers who choose to rent their property we provide the option of a full property management service.

GDL (MILLHARBOUR) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Environmental considerations are becoming ever more important in the making of business decisions. We work with local authorities during the planning process to minimise any negative environmental impact of each development and, where possible, provide environmental enhancements to the local vicinity such as contamination removal, the inclusion of new green areas or the provision of additional local amenities. During the construction phase we subscribe all our sites to the Considerate Constructors Scheme which aims to minimise the impact of construction works on local residents and businesses by following a strict code of practice. Once built, we aim to have included as many innovative features as possible to make the final product as environmentally friendly and sustainable as possible. Typical features will include energy efficient systems and appliances and the use of sustainable building materials, all with a carbon neutral objective.

As part of the Galliard group (of which Galliard Group Limited is a shareholder of GDL Holdco Limited) we support a number of charities through a payroll giving facility and, in particular, have close links with two local charities, Great Ormond Street Hospital and Haven House Hospice for whom a number of fundraising events amongst staff are held during the year.

Our joint venture partners and debt providers are integral to our business model. Joint venture partners expect and receive frequent updates on the progress of the projects in which they have an interest. Debt providers also receive regular appraisals of building progress and financial status. The success of each development is as important to our funding partners as it is to our shareholders and other stakeholders and the board will take this into consideration in the making of all strategic decisions.

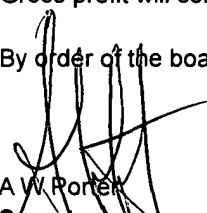
Financial key performance indicators

The company's statement of comprehensive income is set out on page 7.

The company recorded a gross profit of £11,391,222 for the period.

Gross profit will continue to be a KPI as the contract mentioned above continues and then as sales complete.

By order of the board



A W Porter
Secretary
28 February 2020

GDL (MILLHARBOUR) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the company is that of property development.

Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

S S Conway
D O'Sullivan
J Cole
J S Goldstein

Auditor

BDO LLP have expressed their willingness to continue in office and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (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 then 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.

GDL (MILLHARBOUR) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

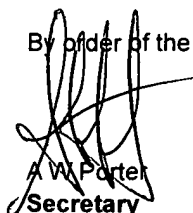
Statement of disclosure to auditor

Each director in office at the date of approval of this annual report confirms that:

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

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

By order of the board



A. W. Porter
Secretary

28 February 2020

GDL (MILLHARBOUR) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GDL (MILLHARBOUR) LIMITED

Opinion

We have audited the financial statements of GDL (Millharbour) Limited (the 'company') for the year ended 31 December 2019 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity 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 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its 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 company 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.

Material uncertainty related to going concern

We draw attention to note 1.2 of the financial statements, which indicated that the Company's loan of £57,599,993 is due to expire on 30 November 2020 and there is no binding agreement from the bank involved to renew the facilities as at the date of signing this report. As stated in note 1.2, these conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

GDL (MILLHARBOUR) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF GDL (MILLHARBOUR) LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the 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, 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken 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.

BDO LLP

Christopher Young (Senior Statutory Auditor)
For and on behalf of BDO LLP
Statutory Auditor

28 February 2020
55 Baker Street
London
United Kingdom
W1U 7EU

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

GDL (MILLHARBOUR) LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Revenue	3	72,772,196	68,889,888
Cost of sales		(61,380,974)	(59,699,533)
Gross profit		11,391,222	9,190,355
Administrative expenses		(6,000)	(4,034)
Other operating income		212,778	29,500
Operating profit	4	11,598,000	9,215,821
Investment income	7	11,462	20,725
Profit before taxation		11,609,462	9,236,546
Tax on profit	8	(1,693,395)	(1,571,396)
Profit and total comprehensive income for the financial year	16	9,916,067	7,665,150

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

There are no other amounts of other comprehensive income in the period.

The notes on pages 10 to 18 form part of these financial statements.

GDL (MILLHARBOUR) LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

		2019 £	2018 £
Current assets	Notes		
Inventories	9	122,981,622	131,692,140
Trade and other receivables	10	30,449,359	41,639,482
Cash and cash equivalents		1,832,819	1,836,963
		<u>155,263,800</u>	<u>175,168,585</u>
Current liabilities			
Borrowings	11	57,599,993	43,635,271
Trade and other payables	12	38,829,325	44,783,090
Taxation and social security		-	19,117
Deferred income	13	-	37,812,692
		<u>96,429,318</u>	<u>126,250,170</u>
Net current assets		<u>58,834,482</u>	<u>48,918,415</u>
Total assets less current liabilities		<u>58,834,482</u>	<u>48,918,415</u>
Net assets		<u>58,834,482</u>	<u>48,918,415</u>
Equity			
Called up share capital	14	35,992,816	35,992,816
Retained earnings	16	22,841,666	12,925,599
Total equity		<u>58,834,482</u>	<u>48,918,415</u>

The financial statements were approved by the board of directors and authorised for issue on 28 February 2020 and are signed on its behalf by:



S S Conway
Director

Company Registration No. 09254051

The notes on pages 10 to 18 form part of these financial statements.

GDL (MILLHARBOUR) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital £	Retained earnings £	Total £
Balance at 1 January 2018	35,992,816	5,260,449	41,253,265
Year ended 31 December 2018:			
Profit and total comprehensive income for the year	-	7,665,150	7,665,150
Balance at 31 December 2018	35,992,816	12,925,599	48,918,415
Year ended 31 December 2019:			
Profit and total comprehensive income for the year	-	9,916,067	9,916,067
Balance at 31 December 2019	35,992,816	22,841,666	58,834,482

The notes on pages 10 to 18 form part of these financial statements.

GDL (MILLHARBOUR) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

GDL (Millharbour) Limited is a private company limited by shares incorporated in England and Wales. The registered office is 3rd Floor Sterling House, Langston Road, Loughton, Essex, IG10 3TS.

1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Standards and Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

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

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, fair value measurements, capital management, presentation of comparative information as otherwise required by EU endorsed IFRS, presentation of a cash-flow statement, the effect of standards not yet effective, and related party transactions.

As required for the financial instrument and fair value disclosure exemptions, equivalent disclosures are given in the group accounts of GDL Holdco Limited. The group accounts of GDL Holdco Limited are available to the public and can be obtained as set out in note 18.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

1.2 Going concern

The financial statements have been prepared on a going concern basis. The company's current loan facility of £57,599,993 is due to expire on 30 November 2020 and there is no binding agreement from the banks involved to renew the facilities as at the date of signing this report. The loan is expected to be repaid using the proceeds from sales of Inventory. The ability of the company to continue as a going concern depends on the practical completion of these units. The company's directors do not foresee any reason for a delay, however, given practical completion has not happened yet, these conditions indicate the existence of a material uncertainty, which may cast significant doubt over the company's ability to continue as a going concern and therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The directors are confident that they will repay the loan before the repayment date and hence it is appropriate for the financial statements to be prepared on a going concern basis. The financial statements do not include adjustments that would result if the company was unable to continue as a going concern.

GDL (MILLHARBOUR) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.3 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Revenue from the sale of completed properties is recognised on legal completion.

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and it's receipt is considered probable.

Where costs are incurred in relation to central site and infrastructure costs, judgement is required in relation to the allocation of those costs across the overall site.

The stage of completion is calculated by companies costs incurred mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs.

When it is probable that the total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

Where the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as expenses in the period in which they are incurred and contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable.

1.4 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

1.5 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.6 Cash and cash equivalents

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

GDL (MILLHARBOUR) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.7 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss (FVTPL) or fair value through other comprehensive income (FVTOCI), which are measured at fair value.

The company has not classified any financial asset as FVTPL or FVTOCI.

Financial assets at amortised cost

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are carried at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those at FVTPL or FVTOCI, are assessed for impairment at each reporting end date using the expected credit loss model.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.8 Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities at amortised cost.

The company has not classified any financial liabilities as FVTPL.

Financial liabilities at amortised costs

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

GDL (MILLHARBOUR) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.9 Equity instruments

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

1.10 Taxation

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

Current tax

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

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

1.11 New standards, interpretations and amendments

New standards effective from 1 January 2019 have been adopted in the financial statements for the year ended 31 December 2019

- IFRS 16 Leases

The directors have considered the implications of the standards and concluded that there is no impact to the statements.

GDL (MILLHARBOUR) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

2 Critical accounting estimates and judgements

The company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The areas where assumptions and estimates are significant to the financial statements are:

Critical Accounting Estimates

Carrying value of 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 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 the selling price is subject to significant inherent uncertainties, in particular the prediction of future trends in the market value of property.

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 the actual selling prices achieved in future periods and these differences may, in certain circumstances, be very significant.

Revenue recognition

The company has entered into simultaneous contracts that provide for the granting of a 999 year leasehold over part of a site and the construction of three residential led towers. In order to determine the profit and loss that the company is able to recognise on its construction contracts in a specific period, the company has to allocate total costs of the construction contracts between the proportion completing in the period and the proportion to complete in a future period. The assessment of the total costs to be incurred requires a degree of estimation, as does the assessment of a development's valuation.

3 Revenue

An analysis of the company's revenue is as follows:

	2019 £	2018 £
Revenue analysed by class of business		
Staged completion revenue*	72,772,196	68,889,888

*Revenue on forward sales accounted for as long term contract income in accordance with IFRS 15

	2019 £	2018 £
4 Profit for the year		
Profit for the year is stated after charging:		
Cost of inventories recognised as an expense	60,842,949	59,296,528

GDL (MILLHARBOUR) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

5 Auditor's remuneration

	2019 £	2018 £
The analysis of auditor's remuneration is as follows:		
Fees payable to the company's auditors for the audit of the company's annual accounts	5,000	2,000
Fees payable to the company's auditors for non-audit services	-	500
	<u>5,000</u>	<u>2,500</u>

6 Employees

There were no employees (including non-executive directors) and no director's remuneration during either period.

7 Finance income

	2019 £	2018 £
Bank interest	<u>11,462</u>	<u>20,725</u>

8 Income tax expense

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	<u>1,693,395</u>	<u>1,571,396</u>

The charge for the year can be reconciled to the profit per the statement of comprehensive income as follows:

	2019 £	2018 £
Profit before taxation	11,609,462	9,236,546
Group Relief	(6,498,510)	-
Total Taxable Profits	<u>5,110,952</u>	<u>9,236,546</u>
Expected tax charge based on a corporation tax rate of 19.00%	971,081	1,754,944
Adjustment in respect of prior years	722,314	(183,548)
Taxation charge for the year	<u>1,693,395</u>	<u>1,571,396</u>

GDL (MILLHARBOUR) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

9	Inventories	2019 £	2018 £
	Work in progress	122,981,622	131,692,140

There is no material difference between carrying value and replacement cost.

Included in the work in progress are borrowing costs of £8,475,767 (2018 - £8,742,892).

10	Trade and other receivables	2019 £	2018 £
	Trade receivables	-	14,833,886
	Other receivables	20,303,590	19,454,605
	VAT recoverable	11,155	-
	Amount due from immediate parent undertaking	2,227,237	4,563,335
	Prepayments	7,907,377	3,671,800
		30,449,359	41,639,482

Trade receivables disclosed above are classified as financial assets at amortised cost and are therefore measured at amortised cost.

All amounts due for payment fall within one year.

11	Borrowings	2019 £	2018 £
	Secured Bank Loans	57,599,993	43,635,271

Analysis of borrowings

Borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2019 £	2018 £
Current liabilities	57,599,993	43,635,271

The loan is repayable in November 2020

GDL (MILLHARBOUR) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

12 Trade and other payables

	2019 £	2018 £
Trade payables	27,137	245,747
Accruals	38,802,188	44,524,058
Other payables	-	13,285
	<u>38,829,325</u>	<u>44,783,090</u>

13 Deferred revenue

	2019 £	2018 £
Deferred revenue	-	37,812,692
	<u>-</u>	<u>37,812,692</u>

Analysis of deferred revenue

Deferred revenues are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2019 £	2018 £
Current liabilities	-	37,812,692
	<u>-</u>	<u>37,812,692</u>

14 Share capital

	2019 £	2018 £
Ordinary share capital		
<i>Authorised</i>		
35,992,816 ordinary shares of £1 each	35,992,816	35,992,816
	<u>35,992,816</u>	<u>35,992,816</u>
<i>Issued and fully paid</i>		
35,992,816 ordinary shares of £1 each	35,992,816	35,992,816
	<u>35,992,816</u>	<u>35,992,816</u>

15 Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Profit and loss account	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

GDL (MILLHARBOUR) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2019**

16 Retained earnings

	£
At 31 December 2018	12,925,599
Profit for the year	9,916,067
	<hr/>
At 31 December 2019	22,841,666
	<hr/>

17 Related party transactions

During the year Galliard Construction Limited charged the company £46,381,429 (2018 - £102,369,555) for construction costs with amounts due at the reporting date of Nil (2018 - £6,939,880). Galliard Construction Limited is a subsidiary of Galliard Group Limited.

18 Controlling party

The immediate parent undertaking is Galliard Developments Limited and the ultimate parent undertaking is GDL Holdco Limited whose both principal place of business is London, United Kingdom.

The largest and smallest group of undertakings for which group accounts are drawn up and of which the company is a member is the group headed by GDL Holdco Limited.

Copies of the group financial statements of GDL Holdco Limited are available from 3rd Floor Sterling House, Langston Road, Loughton, IG10 3TS.

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