

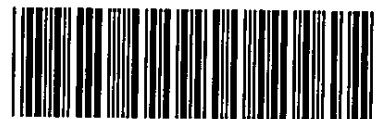
Financial Statements

Nicholas King Developments Plc

For the year ended 31 December 2013

Parent Accounts
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Acquest Developments
Ltd

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COMPANIES HOUSE

Registered number: 06561603

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Directors' Report

For the year ended 31 December 2013

The directors present their report and the financial statements for the year ended 31 December 2013

Principal activities and business review

The principal activity of the Group during the period under review was property development and housebuilding. It is not intended to alter this activity in the foreseeable future.

The Directors are pleased to report a turnover of £23.7m (2012 £14.0m) from the completion of 45 plots (2012 14 plots) and a gross margin on this turnover of £4.5m (2012 £2.4m as restated).

The Directors are satisfied with the performance of the Group to date.

At the end of the year, the Group held 206 plots under contract, of which 191 were consented.

During the year, the Group acquired a 50% shareholding in the Nicholas King Holdings Plc group of companies for a total consideration of £0.346m.

Results

The profit for the year, after taxation and minority interests, amounted to £1.045m (2012 £0.255m as restated).

Directors

The directors who served during the year were:

N G King
N J P Bilsland
S E Jacquest
K J Speller
P J Lobatto

Policy on the payment of creditors

As a general policy, suppliers are paid 30 days after the end of the month in which the invoice is received. The suppliers are made aware of this and the Group's policy is to abide by this stated practice. During the year the Group's average payment period was 56 days (2012 48 days).

Charitable donations

Donations to charitable organisations amounted to £4,360 (2012 £5,376).

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Directors' Report

For the year ended 31 December 2013

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 the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Provision of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

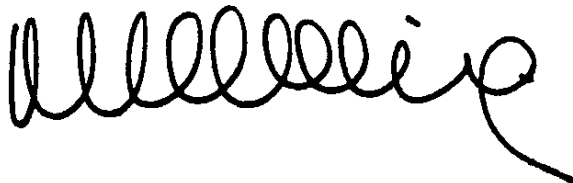
- so far as that director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Auditor

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf

N G King
Chairman



Date 27/6/2014

Group Strategic Report

For the year ended 31 December 2013

Introduction

This is the first time we have provided a comprehensive report on the Group's business strategy. The objectives of this report are to provide shareholders and other users of these statements

- the appropriate level of background context for these financial statements
- an analysis of the Group's past performance, and
- insight into the company's main objectives and strategies, and the principal risks it faces and how they might affect future prospects

The Group's Objectives

The Board continues to seek to deliver sustainable, responsible and profitable business growth in order to deliver

- Prestigious high quality homes and apartments
- Quality, innovation and creativity in the development of new homes
- Rigorous commitment to customer care
- Improved profit margins

The Group's Strategy

The Group's strategy is to

- Identify and secure excellent land opportunities in London and the South East
- Improve and bring innovation into the construction process and continue the commitment to achieving the highest standard of build quality and specification
- Continually develop and improve the customer care and plot sales process so service excellence can be maintained

Business review

The Principal activity of the Group is property development and housebuilding

During the year the Group generated

Turnover	£23.7m (2012 £14.0m)
Gross profit	£4.5m (2012 £2.4m)
Profit before taxation	£1.3m (2012 £0.4m)

The directors are pleased with the performance of the Group, and in particular the improved margins, in the year

The Group improved and increased its consented land bank position at the balance sheet date to 191 plots, of which 171 plots are in production

The directors anticipate that a stronger more buoyant housing market in 2014 will lead to an increase in revenue and profit throughout the year

Group Strategic Report (continued)

For the year ended 31 December 2013

Financial risk management objectives and policies

The Group's finance department implements the policies set by the Board of Directors to manage the various risks and circumstances that may arise in the business and consider where it would be appropriate to use financial instruments to manage these

Principal risks and uncertainties

Market/Sales Risk

The Board considers the principal risks and uncertainties facing the business to be those associated with the current general economic climate. In addition the buoyant housing market experienced of late, fuelled in part by the government's Help To Buy scheme, is continually being monitored. A fall in house prices or a reduced speed of growth in house prices can be mitigated by the Group ensuring that it continues to acquire sites in good locations with the appropriate mix of homes for that location.

Land & Planning Risk

The Group has experienced delays resulting from the increased complexity of the planning system and undertakes extensive due diligence on planning technical and environmental issues as it targets the acquisition of land either with planning consent or on a subject to planning basis.

Construction Risk

The Group is aware of the risks associated with cost overruns, material shortages and delays on site and continues to build strong relationships with subcontractors and suppliers.

Finance Risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and good and flexible banking relationships are maintained to ensure the availability of adequate land and development funding. The cash position is reviewed regularly and cash flows are monitored monthly.

An increase in interest rates is almost inevitable in future years and the Group seeks to avoid adverse exposure to interest rate changes by controlling gearing and if necessary by using hedging instruments.

Financial key performance indicators

The Group monitors business financial performance focusing on growing profitability and improved margins.

Year ended 31 December	2013	2012
Turnover	£23.7m	£14.0m
Gross profit	£4.5m	£2.4m
Gross profit %	19.0%	16.9%
Profit before taxation	£1.3m	£0.4m
Profit before taxation %	5.6%	2.6%

Recruitment and employee relations

Recruitment policies are designed to ensure equal opportunity of employment regardless of age, race or sex. Appropriate consideration is given to disabled applicants in offering employment.

Good relations are maintained with employees by regular meetings within their operational teams compatible with the team's particular circumstances. Senior management are kept informed through regular monthly or more frequent meetings as required.

Nicholas King Developments Plc

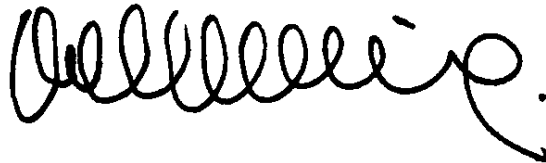
Group Strategic Report (continued)

For the year ended 31 December 2013

This report was approved by the board on 27/6/2014

and signed on its behalf

N G King
Chairman

A handwritten signature in black ink, consisting of a series of loops and a final flourish, representing the signature of N G King.



Independent Auditor's Report to the Members of Nicholas King Developments Plc

We have audited the financial statements of Nicholas King Developments Plc for the year ended 31 December 2013, which comprise the Consolidated Profit and loss account, the Consolidated and Company Balance sheets, the Consolidated Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (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.

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2013 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.

Opinion on other matter prescribed by the Companies Act 2006

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



Independent Auditor's Report to the Members of Nicholas King Developments Plc

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept 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

Grant Thornton UK LLP

Paul Creasey (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Reading
Date *30 June 2011*

Consolidated Profit and Loss Account

For the year ended 31 December 2013

	Note	2013 £000	As restated 2012 £000
Turnover	1,2	23,653	14,035
Cost of sales		(19,168)	(11,664)
Gross profit		4,485	2,371
Administrative expenses		(1,933)	(1,356)
Operating profit	3	2,552	1,015
Share of operating profit/(loss) in joint arrangement		288	(48)
Total operating profit		2,840	967
Interest receivable and similar income		2	-
Interest payable and similar charges	6	(1,510)	(597)
Profit on ordinary activities before taxation		1,332	370
Tax on profit on ordinary activities	7	(287)	(115)
Profit on ordinary activities after taxation		1,045	255
Minority interests		(984)	-
Profit for the financial year	19	61	255

All amounts relate to continuing operations

The notes on pages 14 to 32 form part of these financial statements

Consolidated Statement of Total Recognised Gains and Losses

For the year ended 31 December 2013

	Note	2013 £000	As restated 2012 £000
Profit for the financial year		<u>61</u>	<u>255</u>
Total recognised gains and losses relating to the year		61	<u>255</u>
Prior year adjustment	20	<u>25</u>	
Total gains and losses recognised since last financial statements		<u>86</u>	

The notes on pages 14 to 32 form part of these financial statements

Consolidated Balance Sheet

As at 31 December 2013

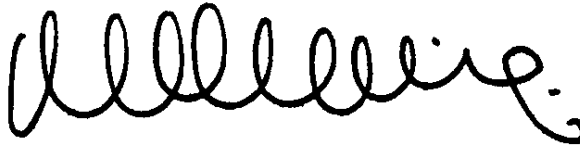
	Note	£000	2013 £000	As restated 2012 £000
Fixed assets				
Intangible assets	8		248	-
Tangible assets	9		113	8
Investments in joint arrangements				
-Share of gross assets		1,276		1,762
-Share of gross liabilities		(308)		(1,063)
Share of net assets	10		968	699
			1,329	707
Current assets				
Stocks	12	15,917		10,340
Debtors	13	4,164		1,867
Cash at bank		117		362
		20,198		12,569
Creditors amounts falling due within one year	14	(20,280)		(13,140)
Net current liabilities			(82)	(571)
Total assets less current liabilities			1,247	136
Creditors amounts falling due after more than one year	15		(30)	-
Net assets			1,217	136
Capital and reserves				
Called up share capital	18		50	50
Profit and loss account	19		147	86
Shareholders' funds	21		197	136
Minority interests	22		1,020	-
			1,217	136

Consolidated Balance Sheet (continued)

As at 31 December 2013

The financial statements were approved and authorised for issue by the board and were signed on its behalf by

N G King
Chairman

A handwritten signature in black ink, consisting of a series of loops and a final flourish.

Date 27/6/2014

The notes on pages 14 to 32 form part of these financial statements

Company Balance Sheet

As at 31 December 2013

	Note	£000	2013 £000	2012 £000
Fixed assets				
Tangible assets	9		51	8
Investments	10		347	1
			<u>398</u>	<u>9</u>
Current assets				
Stocks	11	4	-	
Debtors	12	265	5,454	
Cash at bank		-	96	
		<u>269</u>	<u>5,550</u>	
Creditors: amounts falling due within one year	13	(21)	(4,918)	
Net current assets			<u>248</u>	<u>632</u>
Total assets less current liabilities			<u>646</u>	<u>641</u>
Creditors: amounts falling due after more than one year	14		(30)	-
Net assets			<u><u>616</u></u>	<u><u>641</u></u>
Capital and Reserves				
Called up share capital	17		50	50
Profit and loss account	18		566	591
Shareholders' funds	20		<u><u>616</u></u>	<u><u>641</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27/6/14

N G King
Chairman



The notes on pages 14 to 32 form part of these financial statements

Consolidated Cash Flow Statement

For the year ended 31 December 2013

		2013	As restated 2012
	Note	£000	£000
Net cash flow from operating activities	23	(2,108)	(4,484)
Returns on investments and servicing of finance	24	(1,508)	(597)
Taxation		(90)	-
Capital expenditure and financial investment	24	(124)	(3)
Acquisitions and disposals	24	(405)	(699)
Cash outflow before financing		(4,235)	(5,783)
Financing	24	3,990	4,005
Decrease in cash in the year		(245)	(1,778)

Reconciliation of Net Cash Flow to Movement in Net Debt

For the year ended 31 December 2013

	2013	As restated 2012
	£000	£000
Decrease in cash in the year	(245)	(1,778)
Cash inflow from increase in debt and lease financing	(3,990)	(4,005)
Change in net debt resulting from cash flows	(4,235)	(5,783)
Increase in net debt from acquisition of subsidiaries	(2,681)	-
Other non-cash changes	-	2
Movement in net debt in the year	(6,916)	(5,781)
Net debt at 1 January 2013	(6,691)	(910)
Net debt at 31 December 2013	(13,607)	(6,691)

The notes on pages 14 to 32 form part of these financial statements

Notes to the Financial Statements

For the year ended 31 December 2013

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

The Directors have reviewed the principal accounting policies below and consider them to remain appropriate

The financial statements have been prepared on the going concern basis which the Directors believe to be appropriate

The Directors have considered the recent trading results of the Group in conjunction with profit and cash flow forecasts which, if achieved, show the Group to have sufficient financial facilities to continue trading for the foreseeable future. The achievement of the forecasts is inherently uncertain but the Directors are confident that any additional working capital requirements can be managed from current facilities

1.2 Basis of consolidation

The financial statements consolidate the accounts of Nicholas King Developments Plc and all of its subsidiary undertakings ('subsidiaries'). Acquisitions are accounted for under the acquisition method of accounting. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively

The results of subsidiaries acquired during the year are included from the effective date of acquisition

Investments in joint arrangements are recognised initially at cost and subsequently accounted for using the equity method

1.3 Turnover

Turnover consists of property sales, net of discounts, excluding value added tax and sale of freehold and leasehold assets. Properties are treated as sales and included in turnover only when legal completion takes place within the financial year

1.4 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life

Amortisation is provided at the following rates

Goodwill	-	Straight line over 5 years
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Notes to the Financial Statements

For the year ended 31 December 2013

1. Accounting Policies (continued)

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Motor vehicles	-	25% per annum
Fixtures & fittings	-	25% per annum

1.6 Investments

- (i) **Subsidiary undertakings**
Investments in subsidiaries are valued at cost less provision for impairment
- (ii) **Joint ventures and joint arrangements**
Investments in joint ventures are stated at the Company's share of net assets. The Company's share of the profits or losses of the joint arrangements is included in the profit and loss account using the equity accounting basis
- (iii) **Other investments**
Investments held as fixed assets are shown at cost less provision for impairment

1.7 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.8 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.9 Work in progress and finished goods

Work in progress and finished goods are valued at direct cost less foreseeable losses and payments received on account.

Notes to the Financial Statements

For the year ended 31 December 2013

1. Accounting Policies (continued)

1.10 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

1.11 Pensions

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year

1.12 Interest payable

Interest payable on bank and other borrowings is written off to the profit and loss account as incurred

1.13 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity

2. Turnover

All turnover arose within the United Kingdom

Notes to the Financial Statements

For the year ended 31 December 2013

3. Operating profit

The operating profit is stated after charging

	2013 £000	2012 £000
Amortisation - intangible fixed assets	62	-
Depreciation of tangible fixed assets		
- owned by the group	4	2
- held under finance leases	17	-
Auditor's remuneration	34	15
Auditor's remuneration - non-audit	1	3
Operating lease rentals		
- plant and machinery	39	4
- other operating leases	218	-
Management charges from related party undertakings	-	1,184
	<u> </u>	<u> </u>

4. Staff costs

Staff costs, including directors' remuneration, were as follows

	2013 £000	2012 £000
Wages and salaries	1,510	-
Social security costs	174	-
Other pension costs	90	-
	<u> </u>	<u> </u>
	1,774	-
	<u> </u>	<u> </u>

The average monthly number of employees, including the directors, during the year was as follows

	2013 No	2012 No
Administrative staff	17	0
Site staff	16	0
	<u> </u>	<u> </u>
	33	0
	<u> </u>	<u> </u>

Notes to the Financial Statements

For the year ended 31 December 2013

5. Directors' remuneration

	2013 £000	2012 £000
Remuneration	<u>558</u>	<u>-</u>
Company pension contributions to defined contribution pension schemes	<u>76</u>	<u>-</u>

During the year retirement benefits were accruing to 5 directors (2012 - nil) in respect of defined contribution pension schemes

The highest paid director received remuneration of £174,000 (2012 - £nil)

6. Interest payable and similar charges

	2013 £000	As restated 2012 £000
Interest payable on bank borrowings	1,551	597
Other interest payable	9	-
On finance leases and hire purchase contracts	1	-
Release of discounted long term debtors	(51)	-
	<u>1,510</u>	<u>597</u>

7. Taxation

	2013 £000	As restated 2012 £000
Analysis of tax (credit)/charge in the year		
Current tax (see note below)		
UK corporation tax (credit)/charge on profit for the year	(11)	32
Deferred tax (see note 16)		
Origination and reversal of timing differences	<u>298</u>	<u>83</u>
Tax on profit on ordinary activities	<u>287</u>	<u>115</u>

Notes to the Financial Statements

For the year ended 31 December 2013

7. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2012 - lower than) the standard rate of corporation tax in the UK of 23.2% (2012 - 24.5%). The differences are explained below

	2013 £000	2012 £000
Profit on ordinary activities before tax	1,332	370
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.2% (2012 - 24.5%)	309	91
Effects of		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	27	-
Capital allowances for year in excess of depreciation	(1)	-
Utilisation of tax losses	(566)	(73)
Unrelieved tax losses carried forward	238	14
Land remediation relief	(18)	-
Current tax (credit)/charge for the year (see note above)	(11)	32

8. Intangible fixed assets

	Goodwill £000
Group	
Cost	
Additions	310
At 31 December 2013	310
Amortisation	
Charge for the year	62
At 31 December 2013	62
Net book value	
At 31 December 2013	248

Notes to the Financial Statements

For the year ended 31 December 2013

9. Tangible fixed assets

Group	Motor vehicles £000	Fixtures & fittings £000	Total £000
Cost			
At 1 January 2013	12	-	12
Additions	118	8	126
Disposals	(26)	-	(26)
Additions on acquisition of subsidiaries	26	32	58
At 31 December 2013	<u>130</u>	<u>40</u>	<u>170</u>
Depreciation			
At 1 January 2013	4	-	4
Charge for the year	17	4	21
On disposals	(26)	-	(26)
On acquisition of subsidiaries	26	32	58
At 31 December 2013	<u>21</u>	<u>36</u>	<u>57</u>
Net book value			
At 31 December 2013	<u>109</u>	<u>4</u>	<u>113</u>
At 31 December 2012	<u>8</u>	<u>-</u>	<u>8</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

Group	2013 £000	2012 £000
Motor vehicles	<u>46</u>	<u>-</u>

Notes to the Financial Statements

For the year ended 31 December 2013

	Motor vehicles £000
Company	
Cost	
At 1 January 2013	12
Additions	60
At 31 December 2013	<u>72</u>
Depreciation	
At 1 January 2013	4
Charge for the year	17
At 31 December 2013	<u>21</u>
Net book value	
At 31 December 2013	<u>51</u>
At 31 December 2012	<u>8</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

	2013 £000	2012 £000
Company		
Motor vehicles	<u>46</u>	<u>-</u>

Notes to the Financial Statements

For the year ended 31 December 2013

10. Investments

Group	Investment in joint ventures £000
Cost or valuation	
At 1 January 2013	699
Share of profit from joint arrangement in the year	269
At 31 December 2013	<u>968</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company

Name	Class of shares	Holding
NK Developments (No 1) Limited	Ordinary	100%
NK Developments (No 2) Limited	Ordinary	100%
NK Developments (No 3) Limited	Ordinary	100%
NK Developments (No 4) Limited	Ordinary	100%
NK Developments (No 5) Limited	Ordinary	100%
NK Developments (No 6) Limited	Ordinary	100%
Hertfordshire Properties Limited	Ordinary	100%
Nicholas King Groundworks Limited	Ordinary	100%
Nicholas King Racing Limited	Ordinary	100%
Nicholas King Home Services Limited	Ordinary	100%
Nicholas King Construction Limited	Ordinary	100%
NK Developments (Roeampton) Limited	Ordinary	50%
Nicholas King Holdings PLC	Ordinary	50%
Nicholas King Homes Holdings PLC	Ordinary	50%
Nicholas King Homes PLC	Ordinary	50%
Nicholas King (No 1) Limited	Ordinary	50%
Nicholas King (No 2) Limited	Ordinary	50%
Acquest Developments Limited	Ordinary	50%
Nicholas King Marketing Limited	Ordinary	50%
Nicholas King Special Projects Limited	Ordinary	50%
Podhotels (London) Limited	Ordinary	50%

Notes to the Financial Statements

For the year ended 31 December 2013

10. Investments (continued)

For the year ending 31 December 2013 the following subsidiaries have taken the entitled exemption from audit under section 479A of the Companies Act 2006

- NK Developments (No 2) Limited
- NK Developments (No 3) Limited
- Hertfordshire Properties Limited
- Nicholas King Groundworks Limited
- NK Home Services Limited
- Nicholas King Construction Limited
- NK Developments (Roehampton) Limited
- Nicholas King Holdings Plc
- Nicholas King Homes Holdings Plc
- Nicholas King (No 2) Limited
- Acquest Developments Limited
- Nicholas King Marketing Limited
- Nicholas King Special Projects Limited
- Podhotels (London) Limited

Company	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2013	1
Additions	346
	<hr/>
At 31 December 2013	347
	<hr/>
Net book value	
At 31 December 2013	347
	<hr/>
At 31 December 2012	1
	<hr/>

On 11 February 2013, the Company acquired 50% of the share capital of Nicholas King Holdings Plc and all of its subsidiary undertakings. The Company paid consideration of £346,000 which gave rise to goodwill of £310,000. This has been recognised as an intangible asset in the Group financial statements. The shareholding in Nicholas King Holdings Plc is included within these consolidated financial statements as Mr N G King has overall control of the Group.

Notes to the Financial Statements

For the year ended 31 December 2013

	Investment in joint arrangement £000
Group cost or valuation	
At 1 January 2013	699
Net repayment of capital invested in joint arrangement	(19)
Share of profit from joint arrangement in the year	288
	<hr/>
At 31 December 2013	1,667
	<hr/>

Investment in Roedean Crescent Partnership

On 24 February 2012, the Group invested in a joint arrangement with a third party funding partner to form Roedean Crescent Partnership in order to purchase, develop and sell residential properties at 2 Roedean Crescent, Roehampton, London

The assets and liabilities of Roedean Crescent Partnership and the Group's share of those assets and liabilities at 31 December 2013 is as follows

	Joint arrangement £000	Group share of joint arrangement £000
Current assets		
Stocks	4,636	1,266
Cash at bank	36	10
	<hr/>	<hr/>
	4,672	1,276
	<hr/>	<hr/>
Bank loans and overdrafts	(624)	(170)
Trade creditors	(489)	(134)
Other creditors	(14)	(4)
	<hr/>	<hr/>
	(1,127)	(308)
	<hr/>	<hr/>
Total net assets	3,545	968
	<hr/>	<hr/>

11. Acquisitions

On 11 February 2013, the Company acquired 50% of the share capital of Nicholas King Holdings Plc and all of its subsidiary undertakings. The Company paid consideration of £346,000 which gave rise to goodwill of £310,000. The acquisition was accounted for in accordance with FRS 6 "Acquisitions and Mergers". Further details of the transaction are shown below

Notes to the Financial Statements

For the year ended 31 December 2013

Acquisitions

	Vendors' book value £000	Fair value to the group £000
Assets and liabilities acquired		
Stocks	1,263	1,263
Debtors	778	778
Cash at bank	210	210
Deferred tax asset	-	1,987
Creditors	(4,166)	(4,166)
Minority interest	(36)	(36)
Net assets acquired	(1,951)	36

The acquisition contributed turnover of £5,962,000 and profit before tax of £2,471,000 to the results of the Group for the year ended 31 December 2013. Due to the full integration into the Group, it is not possible to determine the contribution to the Group's cash flow.

12. Stocks

	<u>Group</u>		<u>Company</u>	
	2013	As restated 2012	2013	As restated 2012
	£000	£000	£000	£000
Work in progress	15,599	9,886	4	-
Finished stock	318	454	-	-
	<u>15,917</u>	<u>10,340</u>	<u>4</u>	<u>-</u>

13. Debtors

	<u>Group</u>		<u>Company</u>	
	2013	As restated 2012	2013	As restated 2012
	£000	£000	£000	£000
Trade debtors	1,873	539	-	265
Amounts owed by group undertakings	-	-	215	4,779
Amounts owed by related undertakings	-	880	-	-
Other debtors	193	-	-	-
Called up share capital not paid	50	50	50	50
Prepayments and accrued income	85	16	-	-
Other tax recoverable	252	360	-	360
Deferred tax asset (see note 16)	1,711	22	-	-
	<u>4,164</u>	<u>1,867</u>	<u>265</u>	<u>5,454</u>

Notes to the Financial Statements

For the year ended 31 December 2013

14. Creditors: Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	2013	As restated 2012	2013	As restated 2012
	£000	£000	£000	£000
Bank loans and overdrafts	13,681	7,053	-	250
Net obligations under finance leases and hire purchase contracts	13	-	13	-
Trade creditors	2,975	5,694	-	4,646
Corporation tax	34	135	5	14
Other taxation and social security	119	-	-	-
Other creditors	46	9	2	8
Accruals and deferred income	3,412	249	1	-
	<u>20,280</u>	<u>13,140</u>	<u>21</u>	<u>4,918</u>

Bank loans and overdrafts are secured by fixed and floating charges over the assets and undertakings of the Group

15. Creditors: Amounts falling due after more than one year

	<u>Group</u>		<u>Company</u>	
	2013	2012	2013	2012
	£000	£000	£000	£000
Net obligations under finance leases and hire purchase contracts	30	-	30	-

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	<u>Group</u>		<u>Company</u>	
	2013	2012	2013	2012
	£000	£000	£000	£000
Between one and five years	30	-	30	-

Notes to the Financial Statements

For the year ended 31 December 2013

16. Deferred taxation

	<u>Group</u>		<u>Company</u>	
	2013	As restated 2012	2013	As restated 2012
	£000	£000	£000	£000
At beginning of year	22	105	-	-
Released to the profit and loss account during the year	1,689	(83)	-	-
At end of year	<u>1,711</u>	<u>22</u>	<u>-</u>	<u>-</u>

The deferred taxation balance is made up as follows

	<u>Group</u>		<u>Company</u>	
	2013	As restated 2012	2013	As restated 2012
	£000	£000	£000	£000
Tax losses brought forward	<u>1,711</u>	<u>22</u>	<u>-</u>	<u>-</u>

17. Related party transactions

The Group owed £454,000 (2012 £654,000) to Nicholas King Homes Plc Retirement Benefit Scheme at 31 December 2013

At 31 December 2013, the Nicholas King Developments Plc group owed an amount of £1,886,000 to Nicholas King Homes Plc (2012 £880,000 due from Nicholas King Homes Plc). This consists of £1,666,000 from Nicholas King Developments Plc and £220,000 from Nicholas King Construction Limited.

NK Developments (No 6) Limited, a subsidiary of Nicholas King Developments Plc, incurred construction costs from Nicholas King Homes Plc during the year totalling £3,707,000 (2012 Nil). Nicholas King Developments Plc incurred overheads recharged from Nicholas King Homes Plc of £1,348,000 (2012 £1,184,000). Nicholas King Developments Plc provided £2,289,000 (2012 £1,919,000) of funding to Nicholas King Homes Plc for construction and other activities during the year.

The Company and Group has adopted the provision of Financial Reporting Standard (FRS) 8 'Related Party Disclosures'. The Company has utilised the exemption available under FRS 8 allowing non disclosure of transactions within Group companies eliminated on consolidation where subsidiaries are 100% owned and controlled.

Notes to the Financial Statements

For the year ended 31 December 2013

18. Share capital

	2013 £000	2012 £000
Authorised		
1,000,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
50,000 Ordinary shares of £1 each	<u>50</u>	<u>50</u>

19. Reserves

	Profit and loss account £000
Group	
At 1 January 2013 (as previously stated)	61
Prior year adjustment (note 20)	25
	<u>86</u>
At 1 January 2013 (as restated)	61
Profit for the financial year	
	<u>147</u>
At 31 December 2013	
	<u>147</u>
Company	
At 1 January 2013	591
Loss for the financial year	(25)
	<u>566</u>
At 31 December 2013	
	<u>566</u>

20. Prior year adjustment

On 24 February 2012, the Group entered into a joint arrangement with RC Partners Limited for the purposes of acquiring and developing the site at 2 Roedean Crescent, Roehampton

In accordance with Financial Reporting Standard (FRS) 9 "Associates and Joint Ventures" the Group recognises its share of the underlying assets and liabilities of Roedean Crescent Partnership and its share of profits or losses generated by Roedean Crescent Partnership

Transactions previously undertaken on behalf of the joint arrangement are now included within the above arrangement rather than being shown as transactions within the Group company. The Directors consider this the correct way of reflecting the joint arrangement and have restated 2012 as follows

Notes to the Financial Statements

For the year ended 31 December 2013

	As previously stated 2012 £000	Prior year adjustment 2012 £000	As restated 2012 £000
Fixed assets			
Tangible fixed assets	8	-	8
Investment in joint arrangement	-	699	699
	<u>8</u>	<u>699</u>	<u>707</u>
Current assets			
Stocks	17,078	(6,738)	10,340
Debtors	1,913	(46)	1,867
Cash at bank	674	(312)	362
	<u>19,673</u>	<u>(6,397)</u>	<u>13,276</u>
Current liabilities			
Creditors	(19,637)	6,495	(13,142)
	<u>36</u>	<u>98</u>	<u>134</u>
Net assets			
Share capital and reserves			
Share capital	50	-	50
Profit and loss account	59	25	84
Minority interests	(73)	73	-
	<u>36</u>	<u>98</u>	<u>134</u>
Total shareholders' funds	<u><u>36</u></u>	<u><u>98</u></u>	<u><u>134</u></u>

Notes to the Financial Statements

For the year ended 31 December 2013

21. Reconciliation of movement in shareholders' funds

	2013 £000	2012 £000
Group		
Opening shareholders' funds/(deficit)	111	(119)
Prior year adjustments (note 20)	25	
	<u>136</u>	
Opening shareholders' funds/(deficit) (as restated)		
Profit for the financial year	61	255
	<u>197</u>	<u>136</u>
Closing shareholders' funds		
	<u>197</u>	<u>136</u>
Company		
Opening shareholders' funds	641	168
(Loss)/profit for the financial year	(25)	473
	<u>616</u>	<u>641</u>
Closing shareholders' funds		
	<u>616</u>	<u>641</u>

The Company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss account

The loss for the year dealt with in the accounts of the Company was £25,000 (2012 - profit £400,000)

22. Minority interests

	2013 £000	As restated 2012 £000
Opening minority interests (as previously stated)	73	-
Prior year adjustment (note 19)	(73)	-
Opening minority interests (as previously restated)	-	-
Addition on acquisition of subsidiaries	36	-
Share of profit for the financial year	984	-
	<u>1,020</u>	<u>-</u>
Total		
	<u>1,020</u>	<u>-</u>

Notes to the Financial Statements

For the year ended 31 December 2013

23. Net cash flow from operating activities

	2013 £000	2012 £000
Operating profit	2,552	1,015
Amortisation of intangible fixed assets	62	-
Depreciation of tangible fixed assets	21	2
Profit on disposal of tangible fixed assets	(2)	-
(Increase)/decrease in stocks	(4,162)	1,937
Increase in debtors	(688)	(668)
Increase in amounts due from participating interests	-	(735)
Increase/(decrease) in creditors	109	(6,035)
Net cash outflow from operating activities	(2,108)	(4,484)

24. Analysis of cash flows for headings netted in cash flow statement

	2013 £000	2012 £000
Returns on investments and servicing of finance		
Interest received	2	-
Interest paid	(1,509)	(597)
Hire purchase interest	(1)	-
Net cash outflow from returns on investments and servicing of finance	(1,508)	(597)

	2013 £000	2012 £000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(126)	(3)
Sale of tangible fixed assets	2	-
Net cash outflow from capital expenditure	(124)	(3)

	2013 £000	2012 £000
Acquisitions and disposals		
Acquisition of shares in subsidiaries	(346)	-
Cash acquired on purchase of subsidiary group	210	-
Increase share in joint arrangement	(269)	(699)
Net cash outflow from acquisitions and disposals	(405)	(699)

Notes to the Financial Statements

For the year ended 31 December 2013

24. Analysis of cash flows for headings netted in cash flow statement (continued)

	2013 £000	2012 £000
Financing		
New secured loans	17,068	5,311
Repayment of loans	(13,121)	(1,306)
New finance leases	43	-
Net cash inflow from financing	3,990	4,005

25. Analysis of changes in net debt

	1 January 2013 £000	Cash flow £000	Acquisition £000	Other non-cash changes £000	31 December 2013 £000
Cash at bank and in hand	362	(245)	-	-	117
Debt					
Debts due within one year	(7,053)	(3,990)	(2,651)	-	(13,694)
Debts falling due after more than one year	-	-	-	(30)	(30)
Net debt	(6,691)	(4,235)	(2,651)	(30)	(13,607)

26. Ultimate controlling party

Nicholas King Developments Plc is owned and controlled by Mr N G King, who is a Director of the Company