

**ABBAY DEVELOPMENTS LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**30 April 2017**

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COMPANIES HOUSE

**ABBAY DEVELOPMENTS LIMITED**

**COMPANY INFORMATION**

**DIRECTORS :** C. H. Gallagher (Chairman)  
L. G. Fraquelli (Managing Director)  
W. P. Callinan  
D. J. Dawson  
S.D. Critchell  
E.J. Costello

**SECRETARY(S) :** D. J. Dawson  
J. Collison

**REGISTERED OFFICE :** Abbey House  
2 Southgate Road  
Potters Bar  
Hertfordshire EN6 5DU  
  
Telephone : Potters Bar (01707) 651266  
Fax : Potters Bar (01707) 646836

**REGISTERED NO. :** 0348843

**AUDITORS :** Ernst & Young  
Chartered Accountants  
Ernst and Young Building  
Harcourt Centre  
Harcourt Street  
Dublin 2  
Ireland

**BANKERS :** Barclays Bank plc  
Barclays Business Centre  
St. Albans Branch  
Blenheim Gate  
22/24 Upper Marlborough Road  
St. Albans  
Hertfordshire AL1 3AL

**SOLICITORS :** Dickins Shiebert Limited  
Matthew House (first floor)  
45/47 High Street  
Potters Bar  
Hertfordshire EN6 5AW

**ABBHEY DEVELOPMENTS LIMITED**

**INDEX TO REPORT AND FINANCIAL STATEMENTS - 30 APRIL 2017**

	PAGE
STRATEGIC REPORT	1
DIRECTORS' REPORT	2-3
INDEPENDENT AUDITORS' REPORT	4-5
INCOME STATEMENT	6
STATEMENT OF COMPREHENSIVE INCOME	6
STATEMENT OF CHANGES IN EQUITY	7
BALANCE SHEET	8
CASH FLOW STATEMENT	9
NOTES TO THE FINANCIAL STATEMENTS	10-18

# ABBEY DEVELOPMENTS LIMITED

## STRATEGIC REPORT

The directors present their strategic report for the year ended 30 April 2017.

### RESULTS FOR THE FINANCIAL YEAR

The profit for the year after taxation amounted to £36,836,958 (2016: £32,609,151).  
The net assets of the Company increased from £111,755,160 to £148,592,120.

During the year the Company sold 495 units (2016: 544 units) with turnover of £147,177,383 (2016: £137,124,219) generating an operating profit of £46,673,388 (2016: profit £41,932,988). The business experienced, overall another good year. Sales, underpinned by the 'Help to Buy' scheme, were steady throughout the period. Strong margins were maintained as improving sales prices at least matched steadily rising costs. At the year end the Company owned or controlled land with the benefit of planning permission for the supply of 2,000 plots.

A review of the Company's business is given in the 2017 Annual Report of the intermediate holding company, Abbey plc.

### KEY PERFORMANCE INDICATORS

Measurement of the Company's performance is consistently applied and control is exercised by management. The Company uses the following key performance indicators to evaluate its performance:

1. *Financial Performance Compared to Budget*  
The company has a budgeting system in place whereby actual performance is measured against budget, both financial and non-financial, on a monthly reporting timetable.
2. *Unit Reservations*  
The company reviews the weekly net sales reservations and weekend site visitor numbers.
3. *Development Site Profit Margin*  
The company evaluates the gross profit margin of each development site on a monthly basis.

### PRINCIPAL RISKS AND UNCERTAINTIES

Company law requires the Company to give a description of the principal risks and uncertainties which it faces. Abbey Developments' business, in which it is engaged, is constantly evolving and the list below of the principal risks and uncertainties for the Company are constantly changing:

- The Company is engaged in speculative development, which is by its nature highly risky.
- Occasional substantial losses are a cyclical factor of its business.
- The Company operates in a very competitive market and therefore it is essential that the Company continues to compete successfully.
- Any reduction in economic growth in the UK may adversely affect revenue and margins.
- The Company's performance will be affected by fuel and raw material prices and the cyclical changes of the producers of these raw materials.
- The Company is subject to substantial laws, regulations and standards such as environmental, health and safety and building regulations, which could result in additional costs related to compliance with these laws and regulations.
- Any adverse economic interest rate changes will impact on the Company.

### FUTURE DEVELOPMENTS

Forward sales entering the new financial year were at good levels although recent weeks have been quieter as recent events together with our normal seasonal trends have modestly dampened activity. Production is under pressure to keep up with our build targets. There are increasing signs of a potential slowdown in the UK economy. Looming ahead is the conclusion of the Brexit negotiations to which a good outcome is not assured.

By order of the board



J. Collison  
Secretary

10 July 2017

# ABBAY DEVELOPMENTS LIMITED

## DIRECTORS' REPORT

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

### PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The Company's principal activities during the year continued to be residential housing and land development. The Company intends to continue and develop its activities.

### DIVIDENDS

The Directors have not authorised or paid any dividends for the financial year ending 30 April 2017 (2016: £nil).

### IMPORTANT EVENTS SINCE THE YEAR END

There have been no significant events affecting the company since the year end.

### CORPORATE SOCIAL RESPONSIBILITY

We are fully committed to operating ethically and responsibly in relation to employees, customers, neighbours and all other stakeholders.

#### Employees

The board commends and thanks the management and staff of the Company for their continued loyalty, efforts and commitment.

The average number of employees during the year is set out in note 7 to the financial statements.

#### Disabled Employees

The Company gives every consideration to applications for employment from disabled persons where the requirements of the job may be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the Company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

#### Employee Involvement

The continuing Company policy with regard to employee consultation and involvement is that there should be effective communication with all employees who, subject to practical and commercial considerations, should be consulted on and involved in decisions that affect their current jobs and future prospects. The achievement of this policy has to be treated flexibly in accordance with the varying circumstances and needs of the Company but, in all cases, the emphasis is on communication at the local level. Details of the Company's financial results are circulated each half and full year and periodic staff meetings are also held to discuss various aspects of the Company's business.

#### Health and Safety

The Company pays particular adherence to health and safety matters.

#### Environment

The Company pays particular adherence to applicable environmental legislation and request that our employees and subcontractors are aware of their responsibilities in this regard. The Company supports various charities and local events.

### POLITICAL AND CHARITABLE CONTRIBUTIONS

There were no political contributions during the year and donations for charitable purposes amounted to £4,249 (2016: £1,000).

### DIRECTORS AND THEIR INTERESTS

All the directors stated above have held office throughout the year.

Mr. C.H. Gallagher and Mr. D.J. Dawson retire by rotation from the Board at the Annual General Meeting and, being eligible, offer themselves for re-election.

The directors who held office at the end of the financial period had, at no time, any beneficial interest in the shares of the Company or any group company except for the following: Mr. C. H. Gallagher and Mr. L.G. Fraquelli were directors of the intermediate holding company, Abbey plc, and their interests in the shares of Abbey plc are disclosed in that company's directors' report.

## ABBEE DEVELOPMENTS LIMITED

## DIRECTORS' REPORT (continued)

## DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards. The financial statements are required by law to give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make adjustments and estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting 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 Group will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to 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.

## DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

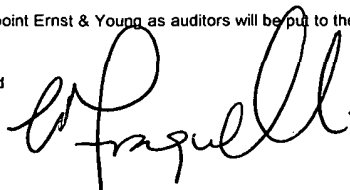
The directors who were members of the board at the time of approving the directors' report are listed under Company information above. Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

## AUDITORS

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the board



L.G. Fraquelli  
Director

10 July 2017

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABBEY DEVELOPMENTS LIMITED**

We have audited the financial statements of Abbey Developments Limited for the year ended 30 April 2017 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 29. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Director's Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- ▶ give a true and fair view of the state of the Company's affairs as at 30 April 2017 and of its profit for the year then ended;
- ▶ have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABBEY DEVELOPMENTS LIMITED (Continued)**

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

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

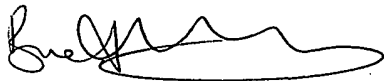
- ▶ the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- ▶ the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or 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.



*Breffni Maguire (Senior statutory auditor)  
for and on behalf of Ernst & Young  
Chartered Accountants and Statutory Audit Firm*

*Dublin  
10 July 2017*



**ABBEY DEVELOPMENTS LIMITED**

**INCOME STATEMENT FOR THE YEAR ENDED 30 APRIL 2017**

	Note	2017 £	2016 £
REVENUE - continuing operations	5	147,177,383	137,124,219
COST OF SALES			
- Operating		(96,191,155)	(90,435,066)
GROSS PROFIT		50,986,228	46,689,153
ADMINISTRATIVE EXPENSES		(4,762,262)	(5,198,307)
FAIR VALUE INCREASE IN INVESTMENT PROPERTIES		-	55,000
OTHER OPERATING INCOME	6	449,422	387,142
OPERATING PROFIT - continuing operations	6	46,673,388	41,932,988
Finance Income	9	795	75,786
Finance costs	10	(693,719)	(1,246,872)
PROFIT BEFORE TAXATION		45,980,464	40,761,902
Income tax expense	11	(9,143,506)	(8,152,751)
Profit attributable to equity shareholders of the company		36,836,958	32,609,151

**ABBEY DEVELOPMENTS LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 APRIL 2017**

	2017 £	2016 £
Profit attributable to equity shareholders of the company	36,836,958	32,609,151
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year, net of tax, attributable to equity shareholders of the parent	36,836,958	32,609,151

## STATEMENT OF CHANGES IN EQUITY

Year Ended 30 April 2017

	Issued Capital £	Revaluation Reserve £	Retained Earnings £	Total £
Attributable to equity holders At 1 May 2016	5,000,000	161,604	106,593,556	111,755,160
Profit for the year	-	-	36,836,958	36,836,958
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income, net of tax, attributable to equity shareholders	-	-	36,836,958	36,836,958
At 30 April 2017	5,000,000	161,604	143,430,514	148,592,118

## STATEMENT OF CHANGES IN EQUITY

Year Ended 30 April 2016

	Issued Capital £	Revaluation Reserve £	Retained Earnings £	Total £
Attributable to equity holders At 1 May 2015	5,000,000	161,604	73,984,405	79,146,009
Profit for the year	-	-	32,609,151	32,609,151
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income, net of tax, attributable to equity shareholders	-	-	32,609,151	32,609,151
At 30 April 2016	5,000,000	161,604	106,593,556	111,755,160

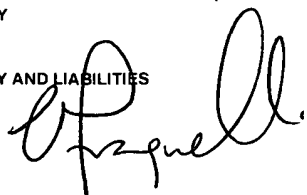
**ABBAY DEVELOPMENTS LIMITED**  
Company number: 0348843

**BALANCE SHEET AS AT 30 APRIL 2017**

	Note	2017 £	2016 £
<b>ASSETS</b>			
<i>Non-current assets</i>			
Plant and Equipment	12	236,522	240,205
Investment property	13	785,000	785,000
Investments	14	3	3
Deferred taxation	17	35,008	28,781
		<u>1,056,533</u>	<u>1,053,989</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	15	6,082,874	3,566,782
Inventories	16	170,805,963	116,261,120
Cash and cash equivalents		51,856,656	60,974,287
		<u>228,745,493</u>	<u>180,802,189</u>
<b>LIABILITIES</b>			
<i>Current liabilities</i>			
Trade and other payables	18	(76,289,798)	(65,552,050)
Income tax payable	19	(4,370,233)	(4,308,818)
Provisions	20	(319,925)	(142,800)
		<u>(80,979,956)</u>	<u>(70,003,668)</u>
<b>NET CURRENT ASSETS</b>		<u>147,765,537</u>	<u>110,798,521</u>
<i>Non-current liabilities</i>			
Provisions	20	(229,952)	(97,350)
		<u>(229,952)</u>	<u>(97,350)</u>
<b>TOTAL LIABILITIES</b>		<u>(81,209,908)</u>	<u>(70,101,018)</u>
<b>NET ASSETS</b>		<u>148,592,118</u>	<u>111,755,160</u>
<b>EQUITY</b>			
<i>Equity attributable to equity holders of the company</i>			
Issued capital	21	5,000,000	5,000,000
Property revaluation reserve	22	161,604	161,604
Retained earnings		143,430,514	106,593,556
<b>TOTAL EQUITY</b>		<u>148,592,118</u>	<u>111,755,160</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>229,802,026</u>	<u>181,856,178</u>

L.G. Fraquelli  
Director

10 July 2017



**ABBEY DEVELOPMENTS LIMITED**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 APRIL 2017**

		<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>
<b>Cash flows from operating activities</b>			
Profit before taxation		<b>45,980,464</b>	<b>40,761,902</b>
<b>Adjustments to reconcile profit before tax to net cash flows</b>			
<b>Non cash:</b>			
Depreciation and amortisation		101,347	121,624
Fair value adjustment in investment properties	6	-	(55,000)
Profit on disposal of property, plant and equipment	6	(11,062)	(3,441)
Finance income	9	(795)	(75,786)
Finance costs	10	693,719	1,246,872
<b>Working capital adjustments:</b>			
Increase in inventories	16	(32,414,101)	(11,214,972)
(Increase) / decrease in trade and other receivables	15	(2,516,092)	(2,167,482)
Increase in trade and other payables	18	(11,083,271)	1,693,131
Income taxes paid		<b>(9,088,317)</b>	<b>(7,138,833)</b>
<b>Net cash (outflow) / inflow from operating activities</b>		<b>(8,338,108)</b>	<b>23,168,015</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	12	(118,549)	(90,266)
Sale of property, plant and equipment		31,950	32,850
Finance income	9	795	75,786
Finance costs	10	(693,719)	(1,246,872)
<b>Net cash inflow from investing activities</b>		<b>(779,523)</b>	<b>(1,228,502)</b>
<b>Net cash increase in cash and cash equivalents</b>			
		<b>(9,117,631)</b>	<b>21,939,513</b>
<b>Cash and cash equivalents at start of period</b>		<b>60,974,287</b>	<b>39,034,774</b>
<b>Cash and cash equivalents at end of period</b>		<b>51,856,656</b>	<b>60,974,287</b>

**ABBEY DEVELOPMENTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2017**

**1 AUTHORISATION OF FINANCIAL STATEMENTS**

The Financial Statements of Abbey Developments Limited for the year ended 30 April 2017 were authorised for issue in accordance with a resolution of directors on 10 July 2017. Abbey Developments Limited is a limited company incorporated in England and Wales.

**2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")**

In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations. Adoption of these revised standards and interpretations did not have any effect on the financial performance or financial position of the Company in the current or prior periods.

**3 STATEMENT OF COMPLIANCE**

The financial statements of Abbey Developments Limited (the "Company") have been prepared in accordance with International Financial Standards ("IFRS"), as adopted for use in the European Union, as they apply to the financial statements of the Company for the year ended 30 April 2017.

**4 BASIS OF PREPARATION**

The Company financial statements have been prepared on the historical cost basis except for investment properties which have been measured at fair value. The accounting policies which follow set out these policies which apply in preparing the financial statements for the year ended 30 April 2017.

Abbey Developments Limited (the Company) has its functional and presentation currency as sterling.

**5 ACCOUNTING POLICIES**

***Revenue Recognition***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration receivable. Revenue represents the value of goods and services supplied to external customers. The following criteria must also be met before revenue is recognised.

***Housing***

Revenue on housing developments and the respective profits are recognised when the property is structurally complete and legally transferred to the purchaser.

***Property rental***

Revenue is recognised on a straight line basis over the period of the lease term, net of value added tax.

***Interest income***

Revenue is recognised as interest accrues in the period.

***Inventories***

Inventories are stated at the lower of cost and net realisable value. Net realisable value in respect of inventory property is assessed with reference to market prices at the reporting date, less estimated costs to complete including overheads and selling costs.

***Building land and roads***

Building land and roads is stated at the lower of cost and net realisable value less an appropriate proportion relating to plots sold in the case of estates in the course of development.

The Company assesses at each balance sheet date whether building land and roads is impaired in accordance with IAS 2 "Inventories". If any impairment has occurred then the write down is recognised as an expense in the Income Statement.

***Work in progress***

The cost of uncompleted and unsold new properties comprises direct labour and material costs. No profits are taken until houses are conveyed on legal completion to third parties.

***Raw materials***

The cost of raw materials comprises net invoice price on an average cost basis.

***Trade and other receivables***

Trade receivables are recognised and carried at the lower of their original invoiced value and recoverable amount.

Where the time value of money is material, receivables are carried at amortised cost. Provision is made when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

***Cash and cash equivalents***

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with maturity of three months or less.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

ABBEY DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2017 (continued)

ACCOUNTING POLICIES (continued)

**Trade and other payables**

Trade payables are stated at their fair value. Trade payables on extended terms are recorded at their fair value at the period end, with any discount to fair value amortised over the period of the credit term and charged to finance costs. Trade payables in respect of land are recognised at the point at which the contract is exchanged.

**Taxes**

Current income tax

Current income tax assets and liabilities for the year are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted for the financial year.

Deferred income tax

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- \* in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- \* deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax asset and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income tax relates to the same taxation authority and that authority permits the Company to make a single net payment. Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the income statement.

**Foreign Currency**

The Company's financial statements are presented in sterling, which is the Company's presentational and functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date with all differences taken to the income statement.

**Plant and Equipment**

Plant and equipment is stated at cost which have been measured at fair value, less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all plant and equipment on a straight line basis over the expected useful life as follows:

Plant and machinery	- 8 years
Motor vehicles	- 3 years
Fixtures and fittings	- 4 years
Computers	- 2 years

The carrying amount of plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the income statement in the period of derecognition.

**Leases**

*Company as a lessor*

Assets leased out under operating leases are included in investment property and are depreciated over their estimated useful lives. Rental income is recognised on a straight line basis over the lease term.

*Company as a lessee*

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged to the income statement on a straight line basis over the lease term.

**Impairment of non financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

ABBEE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2017 (continued)

ACCOUNTING POLICIES (continued)

An assessment is made at each reporting date whether there is any indication that previously recognised impairment losses may no longer exist or have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at the revalued amount in which case the reversal is treated as a revaluation decrease. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

**Investment properties**

Certain of the Company's surplus properties are classified as investment properties, being held for long-term investment and to earn rental income.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from the changes in fair value of investment properties are included in the income statement in the period in which they arise.

Investment properties are derecognised when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

**Pensions and other post retirement benefits**

The Company funds pension benefits for eligible employees through participation in a group defined benefit scheme and through contributions to defined contribution and personal pension schemes. The assets of these schemes are held in trust funds separate from the Company's finances. The UK scheme was closed to new entrants on 1 January 2001 from which time membership to defined contribution plans are available.

The Company treats the scheme as a defined benefit plan sharing risks between entities.

Contributions to defined contribution plans are recognised in the income statement in the period in which they become payable.

**Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation. Provisions are measured at the expected expenditure required to settle the obligation and are discounted to present value where the effect is material.

Where the Company expects some or all of the provisions to be reimbursed, the reimbursement is recognised as a separate asset but only when recovery is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

**Accounting Judgements and Estimates**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year.

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

**Inventory valuation**

The Company measures inventories at the lower of cost and net realisable value. Inventories include development land and roads, work in progress and completed units for sale along with raw materials.

The Company assesses at each reporting date whether there is an indication that inventories may be impaired. If any such indication exists, or when annual impairment testing for inventories are required, the Company makes an estimate of the inventories recoverable amount. Where the carrying amount of inventory exceeds its recoverable amount, the inventory is considered impaired and is written down to its recoverable amount in determining net realisable value, an appropriate assessment is made based on external valuations and the expected overall return on development sites.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or have decreased. If such indication exists, the previously recognised impairment loss is reversed.

In determining the value of work in progress the Company applies a standard costing process for cost of sales. The Company estimates the development cost for sites and the length of time for the construction process with variances recognised in the income statement.

## ABBEY DEVELOPMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2017 (continued)

**New Standards and Interpretations Not Applied**

IASB and the IFRS Interpretations Committee have issued the following standards and interpretations with an effective date after the date of these financial statements:

International Accounting Standards (IAS / IFRSs)		Effective Date	
IFRS 15	- Revenue from contracts with customers	1 January	2018
IFRS 9	- Financial Instruments	1 January	2018
IFRS 16	- Leases	1 January	2019

The Directors do not anticipate that the adoption of the remaining standards and interpretations will have a material impact on the company's financial statements in the period of initial application.

\* The effective dates stated here are those given in the original IASB/IFRIC standards and interpretations. As the Company has elected to prepare their financial statements in accordance with IFRS as adopted by the European Union, the application of new standards and interpretations will be subject to them having been endorsed by the EU via the EU endorsement mechanism. In the majority of cases this will result in an effective date consistent with that given in the original standard or interpretation but the need for endorsement restricts the Company's discretion to early adopt standards. It is expected that for a number of the standards above, EU adoption will not be in line with IASB adoption.

**6 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	2017 £	2016 £
The profit on ordinary activities before taxation is arrived at after charging / (crediting):		
Management charge payable to parent undertaking	937,365	1,077,254
Depreciation	101,346	121,624
Fair value adjustment in investment properties	-	55,000
Profit / (loss) on disposal of plant and equipment	(11,062)	(3,441)
Operating lease rentals:		
Rent of land and buildings	114,997	113,100
Hire of plant and machinery	922,451	797,971
Auditors' remuneration - audit fees	32,653	34,000
- non audit fees	8,700	6,000
Income from ground rents	(449,422)	(387,142)

**7 EMPLOYMENT (INCLUDING DIRECTORS' REMUNERATION)**

	2017 £	2016 £
Wages and salaries	3,531,183	3,232,907
Social security costs	455,052	384,385
Pension costs	181,881	210,471
	4,168,116	3,827,763

The average monthly number of persons directly employed by the Company during the year, excluding subcontractors engaged on the Company's development sites, including directors was:

2017 No.	2016 No.
69	75

**8 REMUNERATION OF DIRECTORS**

	2017 £	2016 £
Emoluments in respect of qualifying services	789,817	833,846
Pension contributions	25,320	29,716
Retirement expense	45,156	39,583
	860,293	903,145

The number of directors to whom retirement benefits are accruing in respect of qualifying services under defined benefit scheme is 1 (2016: 1) and under defined contribution schemes is 2 (2016: 2).

	2017 £	2016 £
The amounts in respect of the highest paid director were:		
Emoluments in respect of qualifying services	380,152	335,427
Retirement expense	45,156	39,583
	425,308	375,010

The accrued pension of the highest paid director at 30 April 2017 was nil (2016: nil).



## ABBEY DEVELOPMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2017 (continued)

9	FINANCE INCOME	2017 £	2016 £
	Bank	795	75,786
10	FINANCE COST	2017 £	2016 £
	Loans from parent undertaking	688,758	1,246,492
	Other	4,961	380
		693,719	1,246,872
11	TAXATION		
	(a) Tax charged to the income statement	2017 £	2016 £
	UK corporation tax at 19.92% (2016: 20.00%)	9,149,733	8,137,685
	Adjustment in respect of previous year	-	-
	Total current corporation tax	9,149,733	8,137,685
	Deferred tax:		
	Originating and reversal of temporary differences (Note 17)	(6,227)	15,066
	Tax charge to the income statement	9,143,506	8,152,751
	(b) Factors affecting current tax charge		
	The following table relates to applicable United Kingdom statutory tax rate to the effective tax rate of the Company, obtained by computing the tax charge of the profit on ordinary activities before taxation:		
		2017 £	2016 £
	Profit on ordinary activities before taxation	45,980,464	40,761,902
	Profit on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 19.92% (2016: 20.00%)	9,159,308	8,152,380
	Effects of:		
	- Income not chargeable and expenditure not deductible for tax purposes	(12,212)	(21,677)
	- Capital allowances in excess of depreciation	2,637	6,982
	- Other temporary differences	-	-
	- Adjustments in respect of previous year	-	-
	Total current corporation tax	9,149,733	8,137,685

## ABBEY DEVELOPMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2017 (continued)

## 12 PLANT AND EQUIPMENT

	Plant and Machinery £	Motor Vehicles £	Fixtures and Fittings £	Computers £	Total £
Cost					
At 1 May 2015	33,342	403,992	354,915	114,143	906,392
Additions	-	82,757	6,860	649	90,266
Disposals	-	(122,111)	-	-	(122,111)
At 1 May 2016	33,342	364,638	361,775	114,792	874,547
Additions	-	115,173	1,466	1,910	118,549
Disposals	-	(144,705)	-	-	(144,705)
At 30 April 2017	33,342	335,106	363,241	116,702	848,391
Depreciation					
At 1 May 2015	30,008	217,170	256,338	101,904	605,420
Provided during the year	-	87,178	21,915	12,531	121,624
Disposals	-	(92,702)	-	-	(92,702)
At 1 May 2016	30,008	211,646	278,253	114,435	634,342
Provided during the year	-	78,192	22,490	662	101,344
Disposals	-	(123,817)	-	-	(123,817)
At 30 April 2017	30,008	166,021	300,743	115,097	611,869
Net Book Value					
At 30 April 2017	3,334	169,085	62,498	1,605	236,522
At 30 April 2016	3,334	152,992	83,522	357	240,205

## 13 INVESTMENT PROPERTIES

	2016 £	2015 £
Fair value		
1 May	785,000	730,000
Fair value adjustment	-	55,000
At 30 April	785,000	785,000

Fair value of investment properties were determined by using market comparable information. Valuations performed by the valuer are based on active market prices, adjusted for difference in nature, location or condition of the specific property. Fair value of the properties were determined by using market comparable information. Valuations performed by the valuer are based on active market prices, adjusted for the difference in nature, location or condition of the specific property. As at the date of revaluation of 30 April 2016, the properties' fair values are based on valuations performed by Glenny, Chartered Surveyors, an accredited independent valuer. The Directors have considered the valuation of the properties as at 30 April 2017 and are satisfied that the valuation as presented above represents the fair value of these properties at year end.

ABBEEY DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2017 (continued)

14 INVESTMENTS

	Investment in Subsidiary Undertakings £	
Cost		
At 1 May 2016 and 30 April 2017		3
	2017	2016
	£	£
Investment in subsidiary undertakings at original cost:		
At beginning and end of year	3	3
Loans to subsidiary undertakings:		
At beginning and end of year	206,261	206,261
Total cost of shares and loans	206,264	206,264
Provisions:		
At beginning and end of year	(206,261)	(206,261)
Net book value		
At 30 April 2016 and 30 April 2017	3	3

The Company owns directly 100% of the issued ordinary share capital of the following companies, both of which are incorporated in Great Britain:

Company	Nature of business	Registered office
Abbey New Homes Limited	Dormant company	Abbey House, 2 Southgate Road,
		Potters Bar, Hertfordshire,
Abbey Homesteads Limited		EN6 5DU

Group accounts are not prepared as the Company is a wholly owned subsidiary of a company incorporated in Great Britain, Abbey Group Limited.

15 TRADE AND OTHER RECEIVABLES

	2017	2016
	£	£
<i>Amounts falling due within one year</i>		
Trade receivables	1,970,662	459,363
Amounts owed by group undertakings	500,000	500,000
Value added tax	3,133,557	1,316,916
Other receivables	311,580	88,123
Prepayments and accrued income	167,075	1,202,380
	6,082,874	3,566,782

Amounts owed by group undertakings, are unsecured and receivable on demand

16 INVENTORIES

	2017	2016
	£	£
Building land	131,678,919	87,134,351
Roads	9,426,208	7,049,509
Work in progress - residential housing developments including finished new houses unsold	29,003,424	21,291,433
Raw materials	697,412	785,827
	170,805,963	116,261,120

ABBNEY DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2017 (continued)

17 DEFERRED TAXATION

	2017 £ Accelerated Capital Allowances	2017 £ Investment Properties	2017 £ Total	2016 £ Total
At 1 May	46,949	(18,168)	28,781	43,847
Recognised in income statement	1,125	5,102	6,227	(15,066)
At 30 April	48,074	(13,066)	35,008	28,781

18 TRADE AND OTHER PAYABLES

	2017 £	2016 £
<i>Amounts falling due within one year</i>		
Trade creditors	20,622,027	20,124,013
Amounts owed by group undertakings	21,768,485	35,249,616
Amounts outstanding on land purchased	28,596,551	6,163,978
PAYE	115,645	107,648
Social Welfare tax	134,588	101,456
Accruals and deferred income	5,052,502	3,805,339
	76,289,798	65,552,050

Amounts owed by group undertakings, are unsecured and receivable on demand

19 INCOME TAX PAYABLE

	2017 £	2016 £
Income tax payable	4,370,233	4,308,818

20 PROVISIONS

	2017 £	2016 £
<i>Maintenance provisions</i>		
At May	240,150	483,953
Arising during year	346,500	326,100
Utilised	(154,432)	(174,232)
Released during year	117,659	(395,671)
At 30 April	549,877	240,150
<i>Analysed as:</i>		
Current liabilities	319,925	142,800
Non-current liabilities	229,952	97,350
	549,877	240,150

The maintenance provision represents the best estimate of the company's liability under warranties given to purchasers for repair and maintenance work on houses sold based on past experience of required repairs. The warranties given to purchasers are provided at the point of legal completion and are released over the warranty period. It is anticipated that the majority of these costs will be in the next financial year, or released as the liability for the warranty is discharged.

21 ISSUED CAPITAL

	Authorised, allotted and fully paid 2017 No.	2016 No.
Ordinary shares of £1 each	5,000,000	5,000,000
	Authorised, allotted and fully paid 2017 £	2016 £
Ordinary shares of £1 each	5,000,000	5,000,000

22 PROPERTY REVALUATION RESERVE

	2017 £	2016 £
The property revaluation reserve comprises: <i>Investment Properties (note 13)</i>		
At 1 May	161,604	161,604
Revaluation	-	-
At 30 April	161,604	161,604

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2017 (continued)

23 FAIR VALUE HIERARCHY

The Company uses the following hierarchy for determining and disclosing the fair value on investment properties by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets;
- Level 2: significant observable inputs;
- Level 3: significant un-observable inputs;

		2017 £	2016 £
<i>Investment properties (refer note 13)</i>			
Commercial properties	Level 2	785,000	785,000

24 FINANCIAL RISK MANAGEMENT

The Company's principal financial assets and liabilities comprise cash, short term deposits and various items such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations.

The main risks arising from the Company's financial instruments are interest rate risks.

*Interest rate risk*

The Company's exposure to the risk on interest rate changes in the market relates to the Company's customers ability to raise finance to purchase development sites.

25 PENSION

During the year ended 30 April 2017, the Company participated in a funded group scheme - The Abbey Group Limited Pension and Life Assurance Scheme (the Scheme) - a defined benefit scheme. Pension costs are assessed in accordance with the advice of a professionally qualified actuary. This pension scheme was closed to new entrants on 1 January 2001. With effect from 1 May 2006 pensionable salaries were frozen and the scheme also contracted back into SERPS.

Particulars of the most recent actuarial valuation for the scheme, as at 1 May 2014, are contained in the accounts of Abbey PLC.

Defined Benefit Scheme

The Company participates in a group defined benefit pension scheme. Accordingly, the Company treats the scheme as a defined benefit plan sharing risks between entities. During the year the company contributed £64,962 (2016: £73,133) to the scheme. When valued on the basis of a defined benefit plan as set out in IAS 19, the overall scheme shows a net balance sheet surplus of £3,242,000 (2016: surplus (£5,698,000)).

Defined Contribution Schemes

The Company operates a number of defined contribution schemes to which the company has contributed £116,919 during the year to 30 April 2017 (2016: £107,987 and charged in full to the income statement. There were no contributions unpaid or paid in advance at the end of the financial year (2016: £nil).

26 RELATED PARTY TRANSACTIONS

Abbey Group Limited is the Company's immediate Parent Company and Abbey plc is the Company's intermediate Parent Company. Abbey Developments Limited is a fellow wholly owned subsidiary of Abbey Group Limited.

During the year, the Company made sales, during the normal course of business to M&J Engineers Limited totalling £922,451 (2016: £797,791). At the year end a balance of £291,270 (2016: £277,246) was due to M&J Engineers Limited, which is included in Trade and Other Payables.

During the year, the Company was charged by Abbey Group Limited for rent amounting to £115,000 (2016: £115,000), interest amounting to £688,758 (2016: £1,246,492), and management charges amounting to £937,365 (2016: £1,077,254). Amounts owed to Abbey Group amounted to £21,268,482 (2016: £34,749,613).

27 SUBSEQUENT EVENTS

There have been no significant events affecting the company since the year end.

28 ULTIMATE PARENT UNDERTAKING

The directors consider that the immediate parent undertaking of the Company and smallest group in which the Company is consolidated is Abbey Group Limited and the ultimate parent undertaking to be Shrewsbury Holdings Limited, a company incorporated in Jersey. Copies of the accounts of Gallagher Investments Limited, which is the largest group in which the Company is consolidated, can be obtained from its registered office at Pendragon House, 65 London Road, St. Albans, Hertfordshire, AL1 1LJ England.

29 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 10 July 2017.