

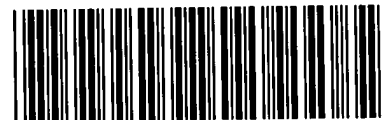
Registered number: 00784694

**A C LLOYD HOMES LIMITED**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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COMPANIES HOUSE

**A C LLOYD HOMES LIMITED**

**COMPANY INFORMATION**

**Directors**

P C Beddoes  
R A Clark  
H P Skeat  
D P Wynne  
D P Henley  
D M Meredith  
D Avern  
M R Edwards

**Company secretary**

H P Skeat

**Registered number**

00784694

**Registered office**

Nicholls House  
Homer Close  
Tachbrook Park  
Warwick  
Warwickshire  
CV34 6TT

**Independent auditor**

Cooper Parry Group Limited  
Chartered Accountants & Statutory Auditor  
Sky View  
Argosy Road  
East Midlands Airport  
Castle Donington  
Derby  
DE74 2SA

**A C LLOYD HOMES LIMITED**

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## **A C LLOYD HOMES LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020**

#### **Introduction**

The principal activity of the company is the development of land and construction of residential buildings.

#### **Business review**

The company has achieved another sound result for the financial year. The trading profit for the year after taxation was £6,190,724 (2019: £7,598,421). This outcome is below forecast for the year but does represent a good result given the difficult trading conditions experienced in the last 6 months of the year. As at March 2020 the business was performing extremely well and ahead of forecast.

During the year there was an outbreak of Coronavirus (COVID-19) which developed into a global pandemic. The pandemic continues at the date of signing these financial statements. Unfortunately, the lockdown in March 2020 as a result of COVID-19 meant that all of our residential sites were closed for a period of time. Since the sites re-opened there have been difficulties in securing supplies of certain materials and labour which has caused delays in completing houses. We have strictly enforced the Government guidelines on all of our sites to ensure the safety of our staff, contractors and customers. Inevitably this has also slowed down the construction process.

The housing market has held up well over the latter part of 2020 boosted by a stamp duty reduction introduced by the Government. It is likely that the housing market will become increasingly difficult over 2021 as the stamp duty reduction ends in March 2021 and the full economic impact of COVID-19 is felt.

During the year we have continued with the second phase of our Oakley Grove development at Harbury Lane which has proved to be most popular and sales will continue into 2021. We also commenced sales at our development at Kingswood Place in Lapworth which has seen very brisk interest as has our site at Victoria Point in Leamington where 60% of the houses were sold before year end. House and apartment sales will continue in the 2020/21 financial year. Work is well underway at our Cricketers site in Radford Semele where sales have commenced in 2020/21 and ground works started at our Mallory Gardens development in Bishops Tachbrook just prior to year end.

During the year we completed a large site at Station Approach in Leamington Spa for a major social housing provider which we commenced at the end of the 2015/16 financial year. We are delighted to have won an LABC Gold Award for Building Excellence for this development.

Our policy of continuing to work on our pipeline of new residential developments gathers pace, which will keep the housing team busy for a good number of years to come. The current construction schedule is planned out to the end of 2025, with a mix of owned sites and options on land upon which we hope to obtain planning over the coming years. Our team will continue to seek opportunities to extend this pipeline further through acquisition, option agreements or promotion arrangements.

#### **Principal risks and uncertainties**

In common with many businesses operating in the residential market the company is exposed to the risks presented by the general economic climate and the impact of movement in interest rates. The company has a small rental portfolio and the risks in this rental business mostly relate to the ability of tenants to pay rent and/or willingness to renew leases.

The economic climate continues to be monitored closely by the board who have the ability to flex the rate of development activities as required. COVID-19 now represents another serious risk and will inevitably result in the board taking a very cautious approach to all property developments.

The company generates returns to its parent company by developing its stock of housing land. The opportunities to generate these returns also represent risks. Demand for houses and the ability of prospective purchasers to afford the market value can be greatly affected by general economic conditions.

We continue to monitor Government and industry guidance on maintaining a safe environment for subcontractors, customers and staff during the continued Coronavirus crisis, implementing changes as required.

**A C LLOYD HOMES LIMITED**

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

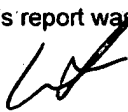
**Financial key performance indicators**

The business uses various performance measures to manage the business and drive the creation of value for shareholders. During the year turnover has remained strong at £28,192,029 (2019: £35,502,292) as have underlying profitability £6,190,724 (2019: £7,598,421) and net assets £6,942,283 (2019: £7,599,980).

Financial performance measures include the setting of financial budgets and monitoring progress against these at company and divisional levels as well as non-financial performance objectives to manage the performance of the staff and management team.

As part of our ongoing monitoring of the business we continue to review regularly the economy and the residential development market and the impact of the ongoing Coronavirus pandemic and will flex our operating model as necessary.

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



**H P Skeat**  
Director

Date: 12 January 2021

## **A C LLOYD HOMES LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020**

The directors present their report and the financial statements for the year ended 30 September 2020.

#### **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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £6,190,724 (2019: £7,598,421).

During the year the company paid an interim dividend of £6,848,421 (2019: £5,650,508) to A.C. Lloyd (Asset Management) Limited, its parent company. The directors do not recommend the payment of a final dividend.

#### **Directors**

The directors who served during the year are noted on the company information page.

R A Clark, D M Meredith and H P Skeat retire by rotation and, being eligible, offer themselves for re-election.

#### **Coronavirus**

At the date of signing these financial statements the country is in the midst of a global pandemic. The directors have considered the effect of the Coronavirus pandemic on the company with the information available to it and do not believe that it will affect their ability to continue as a going concern for the foreseeable future. As with most businesses there are short term practical difficulties which the directors are managing closely. See note 1.2 for further details.

#### **Strategic report**

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's Strategic Report information required by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 Schedule 7 to be contained in the directors' report.

**A C LLOYD HOMES LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

**Disclosure 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 the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the 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's auditor is aware of that information.

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



**H P Skeat**  
Director

Date: 12 January 2021

## **A C LLOYD HOMES LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF A C LLOYD HOMES LIMITED**

#### **Opinion**

We have audited the financial statements of A C Lloyd Homes Limited (the 'company') for the year ended 30 September 2020, which comprise the profit and loss account, the balance sheet and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



## **A C LLOYD HOMES LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF A C LLOYD HOMES LIMITED (CONTINUED)**

#### **Emphasis of matter**

We draw attention to the investment property accounting policy in note 1.6, which refers to the global Coronavirus pandemic and the impact of this on the investment property valuation. Our opinion is not modified in respect of this matter.

#### **Other information**

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

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

We have nothing to report in this regard.

#### **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; and
- 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 the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

**A C LLOYD HOMES LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF A C LLOYD HOMES LIMITED  
(CONTINUED)**

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

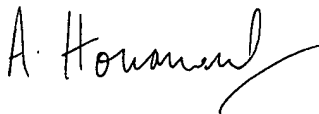
**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Andrew Honarmand (Senior Statutory Auditor)**

for and on behalf of  
**Cooper Parry Group Limited**

Chartered Accountants  
Statutory Auditor

Sky View  
Argosy Road  
East Midlands Airport  
Castle Donington  
Derby  
DE74 2SA

Date: 14 January 2021

**A C LLOYD HOMES LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Note	2020 £	2019 £
<b>Turnover</b>	1.4,3	28,192,029	35,502,292
<b>Cost of sales</b>		(19,662,373)	(26,112,002)
<b>Gross profit</b>		<u>8,529,656</u>	<u>9,390,290</u>
<b>Administrative expenses</b>		(1,120,064)	(909,115)
<b>Other operating income</b>	4	<u>121,330</u>	<u>160,341</u>
<b>Operating profit</b>	5	7,530,922	8,641,516
<b>Income from investment property</b>	7	488,940	-
<b>(Loss)/gain from changes in fair value of investment property</b>	11	<u>(350,000)</u>	<u>750,000</u>
<b>Profit on ordinary activities before taxation</b>		7,669,862	9,391,516
<b>Taxation on profit on ordinary activities</b>	8	<u>(1,479,138)</u>	<u>(1,793,095)</u>
<b>Profit for the financial year</b>		<u><u>6,190,724</u></u>	<u><u>7,598,421</u></u>

There were no recognised gains and losses for 2020 or 2019 other than those included in the profit and loss account.

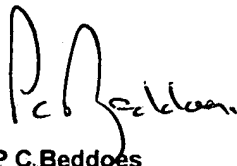
The notes on pages 11 to 22 form part of these financial statements.

**A C LLOYD HOMES LIMITED**  
**REGISTERED NUMBER: 00784694**

**BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	10	31,699	47,073
Investment property	11	5,900,000	6,250,000
		<u>5,931,699</u>	<u>6,297,073</u>
<b>Current assets</b>			
Stocks	12	32,908,690	29,706,673
Debtors	13	3,160,187	3,079,839
Cash at bank and in hand		3,980,487	22,711
		<u>40,049,364</u>	<u>32,809,223</u>
<b>Creditors: amount falling due within one year</b>	14	<u>(9,944,392)</u>	<u>(12,342,750)</u>
<b>Net current assets</b>		<u>30,104,972</u>	<u>20,466,473</u>
<b>Total assets less current liabilities</b>		<u>36,036,671</u>	<u>26,763,546</u>
<b>Creditors: amounts falling due after more than one year</b>	15	(29,000,000)	(19,000,000)
<b>Provisions for liabilities</b>			
Deferred taxation	16	<u>(94,388)</u>	<u>(163,566)</u>
<b>Net assets</b>		<u><u>6,942,283</u></u>	<u><u>7,599,980</u></u>
<b>Capital and reserves</b>			
Called up share capital	17	1,560	1,560
Other reserves	18	400,000	750,000
Profit and loss account	18	6,540,723	6,848,420
<b>Shareholders' funds</b>		<u><u>6,942,283</u></u>	<u><u>7,599,980</u></u>

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

  
**P C. Beddoes**  
 Director

Date: 12 January 2021

The notes on pages 11 to 22 form part of these financial statements.

**A C LLOYD HOMES LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
<b>At 1 October 2019</b>	1,560	750,000	6,848,420	7,599,980
Profit for the financial year	-	-	6,190,724	6,190,724
Dividends paid	-	-	(6,848,421)	(6,848,421)
Transfer of revaluation on investment property	-	(350,000)	350,000	-
<b>At 30 September 2020</b>	<u>1,560</u>	<u>400,000</u>	<u>6,540,723</u>	<u>6,942,283</u>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
<b>At 1 October 2018</b>	1,560	-	5,650,507	5,652,067
Profit for the financial year	-	-	7,598,421	7,598,421
Dividends paid	-	-	(5,650,508)	(5,650,508)
Transfer of revaluation on investment property	-	750,000	(750,000)	-
<b>At 30 September 2019</b>	<u>1,560</u>	<u>750,000</u>	<u>6,848,420</u>	<u>7,599,980</u>

The notes on pages 11 to 22 form part of these financial statements.

## **A C LLOYD HOMES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020**

#### **1. Accounting policies**

##### **1.1 Basis of preparation of financial statements**

A C Lloyd Homes Limited (the 'company') is a limited liability company incorporated and domiciled in the United Kingdom. The address of its registered office is given on the company information page.

The financial statements are prepared in Sterling (£) which is the functional currency of the company. The financial statements are for the year ended 30 September 2020 (2019: year ended 30 September 2019).

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The following principal accounting policies have been applied consistently throughout the year:

##### **1.2 Coronavirus and going concern**

At the balance sheet date there was significant cash availability across the group and the company had a strong net asset position. At the time of signing these accounts, the directors have considered the effect of the Coronavirus pandemic on the going concern position, and consider that this does indicate that the company will continue to trade for a period of at least 12 months from the date of signing these accounts.

The forecasts prepared by the directors that take account of the potential effect of the Coronavirus pandemic, show that the company will be able to operate within the facilities available to it. The company has traded well through the pandemic, and the directors are able to flex the rate of development activities as required. On that basis, the directors have prepared these financial statements on a going concern basis.

##### **1.3 Disclosure exemptions**

As permitted by FRS 102 Section 1.12, the company has taken advantage of the exemptions available under that standard in relation to the presentation of a cash flow statement and the aggregate remuneration of key management personnel. Where required equivalent disclosures are given in the consolidated financial statements of A.C. Lloyd (Asset Management) Limited.

The group accounts of A.C. Lloyd (Asset Management) are available to the public and can be obtained as set out in note 21.

The company has taken advantage of the FRS 102 Section 33.1A exemption from disclosing transactions with wholly owned group companies.

## **A C LLOYD HOMES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020**

#### **1. Accounting policies (continued)**

##### **1.4 Turnover**

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, Value Added Tax and other sales taxes.

Turnover represents the total sales value of legally completed properties and land sales, excluding part exchange property resales and including social housing properties through long term contracts. Turnover and profit on private housing sales are recognised on the date of final inspection by the purchaser when the contract becomes unconditional. Turnover from social housing contracts is recognised based on surveys of work performed.

For further details of revenue recognised through long term contracts please refer to note 1.7.

##### **1.5 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Repairs and maintenance are charged to the profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Plant and machinery	- 33% on reducing balance basis
---------------------	---------------------------------

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit and loss account.

At each balance sheet date, the directors review the carrying amounts of its tangible fixed assets to determine whether there is any indication that any items have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss, if any.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately in the profit and loss account.

## **A C LLOYD HOMES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020**

#### **1. Accounting policies (continued)**

##### **1.6 Investment property**

Investment property is carried at fair value determined annually by the directors and supported periodically by an external valuation. The valuation is derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the profit and loss account.

The impact of Coronavirus creates uncertainty in relation to the valuation of the investment property. The outbreak of the Coronavirus (COVID-19), declared by the World Health Organisation as a 'Global pandemic' on the 11 March 2020, has affected global financial markets. Market activity is being impacted in many sectors. The investment property has been valued by Bromwich Hardy. In their report they stated the following: 'The current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuation is therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty and a higher degree of caution should be attached to our valuation than would normally be the case.'

##### **1.7 Long-term contracts**

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year-end, by recording turnover and related costs as contract activity progresses.

The amounts by which recorded turnover on long-term contracts is in excess of payments on account is included in debtors as amounts recoverable on contracts. The amount of long-term contracts, at costs incurred, net of amounts transferred to cost of sales, after deducting foreseeable losses and payments on account not matched with turnover, is included in land and work in progress.

Receipts in excess of recorded turnover are included in creditors as accruals.

##### **1.8 Land held for development and work in progress**

Land held for development and work in progress, is recorded at the lower of cost and net realisable value. Land is held for development until work commences and then it is transferred to work in progress.

When properties held in work in progress reach completion they are marketed for sale. Where certain properties not yet sold are leased to a third party on a short term basis, the rents receivable are credited to other operating income on a straight line basis over the lease term.

##### **1.9 Provisions for liabilities**

Provisions are made where an event has taken place that gives the company a legal or constructive obligation where there is a probable settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the profit and loss account in the year that the company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.



## **A C LLOYD HOMES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020**

#### **1. Accounting policies (continued)**

##### **1.10 Financial instruments**

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade and other debtors and creditors, bank overdrafts and loans with related parties.

All financial assets and liabilities are initially measured at transaction price, and are subsequently measured at amortised cost.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and the best estimate of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

##### **1.11 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid.

##### **1.12 Income from investment property**

The company earns rental income from its investment property which is accounted for on an accruals basis in accordance with the substance of the underlying agreement.

##### **1.13 Current and deferred taxation**

The tax charge for the year comprises current and deferred tax.

Current tax is recognised for the amount of corporation tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing differences.

## **A C LLOYD HOMES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020**

#### **2. Judgements in applying accounting policies and key sources of estimation uncertainty**

The company makes estimates and assumptions concerning the future. The directors are also required to exercise judgement in the process of applying the company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

##### **Carrying value of land held for development and work in progress**

Land held for development and work in progress is a combination of direct costs together with an element of indirect costs. The directors review the market value and demand to ensure that the balance is recorded in the financial statements at the lower of cost and net realisable value. Any provision for impairment is recorded against the carrying value. The directors use their knowledge of market conditions, historical experiences and estimates of future movements in the house price index to assess future demand for the company's developments and hence achievable selling prices.

##### **Recognition of profit on long-term contracts**

Profit recognition is based on an assessment of the overall profitability forecast on individual contracts. Losses are recognised as soon as they are foreseen. Profits are recognised by the directors when the outcome of the contract can be assessed with reasonable certainty. The profit recognised reflects that part of the total profit currently estimated to arise over the duration of the contract that fairly represents the profit attributable to work performed at the accounting date.

##### **Investment properties**

Critical estimates, assumptions and judgements relate to the determination of the carrying value of investment properties at fair value through the profit and loss account. In determining this, the group applies the overriding concept that fair value is the amount for which an asset can be exchanged between knowledgeable willing parties in an arm's length transaction. The nature, facts and circumstances of the investment drives the valuation methodology. Please refer to policy 1.6 for discussion around the impact of Coronavirus on the valuations this year.

##### **Recoverability of trade debtors**

Trade and other debtors are recognised to the extent that they are judged recoverable. The directors' reviews are performed to estimate the level of reserves required for irrecoverable debt. Provisions are made specifically against specific invoices where recoverability is uncertain.

The directors make allowances for doubtful debts based on an assessment of the recoverability of debtors. Allowances are applied to debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The directors specifically analyse historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the provision for doubtful debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of debtors and the charge in the profit and loss account.

## A C LLOYD HOMES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

#### 2. Judgements in applying accounting policies (continued)

##### Provisions

A provision is recognised when the company has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flow at a rate that reflects the time value of money and the risks specific to the liability.

Whether a present obligation is probable or not requires judgement. If the nature and type of risks for these provisions differ, then the director's judgement is applied regarding the nature and extent of obligations in deciding if an outflow of resources is probable or not.

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year-end, by recording turnover and related costs as contract activity progresses. Turnover and cost of sales are calculated as a percentage of direct costs used. Full provision is made for losses on all contracts in the year in which they are first foreseen.

##### Taxation

There are many transactions and calculations for which the ultimate tax determination is uncertain. The company takes professional advice on its tax affairs and recognises liabilities for anticipated tax based on estimates of what taxation is likely to be due.

Directors estimation is required to determine the amount of any deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits.

#### 3. Turnover

The whole of the company's turnover is attributable to its principal activity.

Of total turnover for the year £8,061,631 (2019: £14,657,661) was generated from long-term contracts.

All turnover arose within the United Kingdom.

#### 4. Other operating income

	2020 £	2019 £
Discounts received	103,366	101,843
Other rental income	17,964	58,498
	<u>121,330</u>	<u>160,341</u>

**A C LLOYD HOMES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

**5. Operating profit**

The operating profit is stated after charging:

	2020 £	2019 £
Depreciation of tangible assets	15,848	23,535
Auditor's remuneration	11,500	11,000
	<u>27,348</u>	<u>34,535</u>

**6. Staff costs**

The company has no employees aside from its directors who are paid through other group companies.

**7. Income from investment property**

	2020 £	2019 £
Rental income from investment property	488,940	-
	<u>488,940</u>	<u>-</u>

**8. Taxation**

	2020 £	2019 £
<b>Corporation tax</b>		
Current tax on profits for the year	1,548,316	1,634,548
Adjustments in respect of previous periods	-	419
<b>Total current tax</b>	<u>1,548,316</u>	<u>1,634,967</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(69,178)	158,128
<b>Total deferred tax</b>	<u>(69,178)</u>	<u>158,128</u>
<b>Taxation on profit on ordinary activities</b>	<u>1,479,138</u>	<u>1,793,095</u>

**A C LLOYD HOMES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

**8. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £	2019 £
Profit before taxation	7,669,862	9,391,516
Profit multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	1,457,274	1,784,388
<b>Effects of:</b>		
Expenses not deductible for tax purposes	69,121	39
Fixed asset differences	-	(4,512)
Chargeable (losses)/gains	(66,500)	31,365
Adjustments to tax charge in respect of prior periods	-	419
Adjustments to deferred tax rates	19,243	(18,604)
<b>Total tax charge for the year</b>	<b>1,479,138</b>	<b>1,793,095</b>

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

**9. Dividends**

	2020 £	2019 £
Interim dividends paid	6,848,421	5,650,508

**A C LLOYD HOMES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

**10. Tangible fixed assets**

	<b>Plant and machinery £</b>
<b>Cost</b>	
At 1 October 2019	166,700
Additions	474
At 30 September 2020	<u>167,174</u>
<b>Depreciation</b>	
At 1 October 2019	119,627
Charge for the year	15,848
At 30 September 2020	<u>135,475</u>
<b>Net book value</b>	
At 30 September 2020	<u>31,699</u>
At 30 September 2019	<u>47,073</u>

**11. Investment property**

	<b>Freehold investment property £</b>
<b>Valuation</b>	
At 1 October 2019	6,250,000
Revaluation loss	(350,000)
At 30 September 2020	<u>5,900,000</u>

The 2020 valuation was performed by Bromwich Hardy, on an open market value for existing use basis. On a historical cost basis these properties would have been included at £5,500,000 (2019: £5,500,000).

# A C LLOYD HOMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 12. Stocks

	2020 £	2019 £
Work in progress	19,893,985	12,938,357
Land held for development	13,014,705	16,768,316
	<u>32,908,690</u>	<u>29,706,673</u>

Amounts recognised in cost of sales during the year as an expense in relation to land held for development and work in progress were £14,092,824 (2019: £13,324,317).

### 13. Debtors

	2020 £	2019 £
<b>Due after more than one year</b>		
Trade debtors	36,876	360,772
	<u>36,876</u>	<u>360,772</u>
<b>Due within one year</b>		
Trade debtors	813,953	1,002,904
Amounts owed by group undertakings	-	546
Other debtors	269,780	360,572
Amounts recoverable on long term contracts	2,039,578	1,355,045
	<u>3,160,187</u>	<u>3,079,839</u>

### 14. Creditors: amounts falling due within one year

	2020 £	2019 £
Bank overdraft	-	1,333,269
Trade creditors	3,904,327	3,370,307
Amounts owed to group undertakings	33,869	-
Corporation tax	1,061,316	1,105,548
Other taxation and social security	83,298	41,121
Other creditors	14,258	12,589
Accruals and deferred income	4,847,324	6,479,916
	<u>9,944,392</u>	<u>12,342,750</u>

The bank overdraft is secured by way of a composite cross guarantee which includes a fixed charge over the assets of the group. Please refer to note 19.

**A C LLOYD HOMES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

**15. Creditors: amounts falling due after more than one year**

	2020 £	2019 £
Amounts owed to group undertakings	29,000,000	19,000,000

Amounts owed to group undertakings are due for repayment on 1 October 2021. The loan does not bear any interest.

**16. Deferred taxation**

	2020 £	2019 £
At 1 October 2019	163,566	5,438
(Credited)/charged to the profit and loss account	(69,178)	158,128
At 30 September 2020	94,388	163,566

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Fixed asset timing differences	6,023	8,002
Short term timing differences	(19,000)	-
Capital gains	107,365	155,564
	94,388	163,566

**17. Share capital**

	2020 £	2019 £
Allotted, called up and fully paid		
15,601 Ordinary shares of £0.10 each	1,560	1,560



**A C LLOYD HOMES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

**18. Reserves**

**Other reserves**

Other reserves represents revaluation gains and losses on investment properties.

**Profit and loss account**

This reserve represents all current and prior period retained profits and losses after the payment of dividends.

**19. Contingent liabilities**

A composite cross guarantee has been granted in respect of the bank accounts of the company, its ultimate holding company A.C. Lloyd (Asset Management) Limited and A.C. Lloyd Holdings Limited, a fellow subsidiary company. As at 30 September 2020 the company has borrowings of £Nil (2019: £1,333,269). Net bank borrowings of the group as at 30 September 2020 are £Nil (2019: £Nil).

**20. Related party transactions**

During the year close family members of shareholders (prior year: close family members of directors) purchased houses totalling £366,714 (2019: £389,950). The transactions are considered to be on an arm's length basis.

**21. Ultimate parent undertaking and controlling party**

The immediate and ultimate parent undertaking is A.C. Lloyd (Asset Management) Limited, a company incorporated in England and Wales. The registered office is the same as that of the company as shown on the company information page.

A.C. Lloyd (Asset Management) Limited is the smallest and largest group for which consolidated financial statements are prepared. The consolidated financial statements are available from Companies House, Cardiff, CF14 3UZ.

The directors consider there to be no overall controlling party.