

# Financial Statements

## Nicholas King Developments Plc

*Nicholas King Special Projects  
Ltd 1629783*

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For the year ended 31 December 2014

Registered number: 06561603

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# Directors' Report

For the year ended 31 December 2014

The directors present their report and the financial statements for the year ended 31 December 2014

## Principal activities and business review

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

The Directors are pleased to report a turnover of £26.6m (2013: £23.7m) from the completion of 37 plots (2013: 45 plots) and a gross margin on this turnover of £4.1m (2013: £4.5m).

The Directors are satisfied with the performance of the Group to date. Profits from the sales of a further 23 plots targeted for the year will now fall into 2015 and this has resulted in the slight reduction in gross margin in the year.

At the end of the year, the Group held 189 plots under contract, of which 183 were consented.

## Results

The operating profit for the year amounted to £1,540,000 (2013: £2,552,000) and the profit before taxation was £189,000 (2013: £1,332,000).

The loss for the year, after taxation and minority interests, amounted to £62,000 (2013: profit £61,000).

## Directors

The directors who served during the year were

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

## Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

## Directors' Report

For the year ended 31 December 2014

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

### Policy on the payment of creditors

As a general policy, suppliers are paid 30 days after the end of the month in which the invoice is received. The suppliers are made aware of this and the Group's policy is to abide by this stated practice. During the year the Group's average payment period was 59 days (2013: 56 days).

### Charitable donations

Donations to charitable organisations amounted to £455 (2013: £4,360).

### Provision of information to auditor

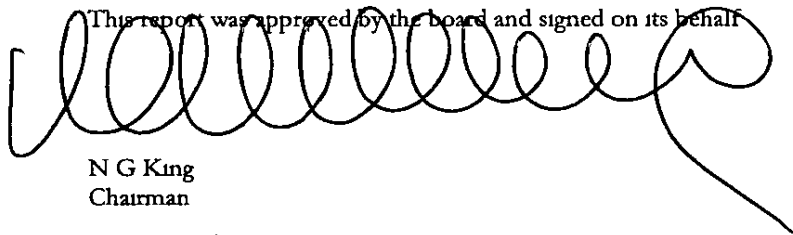
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

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

### Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



N G King  
Chairman

Date 25 June 2015

# Group Strategic Report

For the year ended 31 December 2014

## Introduction

The objectives of this report are to provide shareholders and other users of these statements

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

## The Group's Objectives

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

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

## The Group's Strategy

The Group's strategy is to

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

## Business review

The Principal activity of the Group is property development and housebuilding

During the year the Group generated

Turnover	£26 6m (2013 £23 7m)
Gross profit	£4 1m (2013 £4 5m)
Profit before taxation	£0 2m (2013 £1 3m)

The directors are pleased that the Group is well positioned for an improved performance in 2015 and 2016

The Group's consented land bank position at the balance sheet date stood at 183 plots, of which 143 plots were in production

The directors anticipate a healthy housing market in 2015 in a more stable political environment

The directors are pleased to report that all turnover targeted for 2015 and 2016 has been secured and, of the 177 plots targeted for completion in 2015 and 2016, 143 plots are, at the time of writing, reserved or exchanged with a combined gross development value of £40 8m

## Group Strategic Report (continued)

For the year ended 31 December 2014

### Financial risk management objectives and policies

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

### Principal risks and uncertainties

#### Market/Sales Risk

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

#### Land & Planning Risk

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

#### Construction Risk

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

#### Finance Risk

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

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

### Financial key performance indicators

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

Year ended 31 December	2014	2013
Turnover	£26.6m	£23.7m
Gross profit	£4.1m	£4.5m
Gross profit %	15.4%	19.0%
Profit before taxation	£0.2m	£1.3m
Profit before taxation %	0.8%	5.6%

## Group Strategic Report (continued)

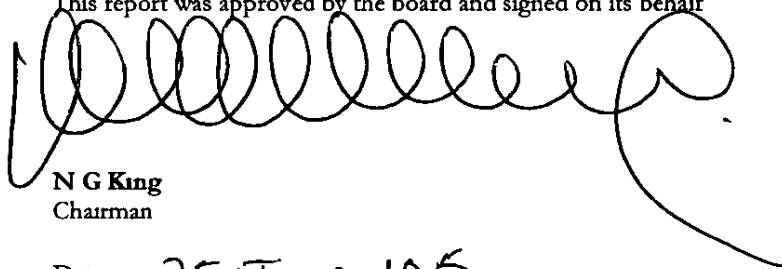
For the year ended 31 December 2014

### Recruitment and employee relations

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

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

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

A large, stylized handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke.

**N G King**  
Chairman

Date 25 June 2015

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

We have audited the financial statements of Nicholas King Developments Plc for the year ended 31 December 2014, which comprise the Consolidated Profit and loss account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Company Balance sheets, the Consolidated Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective responsibilities of directors and auditor**

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

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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2014 and of the Group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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





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

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

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent Company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

A handwritten signature in black ink, appearing to read "Tracey James".

Tracey James (Senior statutory auditor)  
for and on behalf of  
Grant Thornton UK LLP  
Statutory Auditor  
Chartered Accountants  
Reading  
Date

25 June, 2015

## Consolidated Profit and Loss Account

For the year ended 31 December 2014

	Note	2014 £000	2013 £000
Turnover	1,2	26,601	23,653
Cost of sales		(22,501)	(19,168)
<b>Gross profit</b>		<b>4,100</b>	<b>4,485</b>
Administrative expenses		(2,560)	(1,933)
<b>Operating profit</b>	3	<b>1,540</b>	<b>2,552</b>
Share of operating profit/(loss) in joint arrangement		325	288
<b>Total operating profit</b>		<b>1,865</b>	<b>2,840</b>
Interest receivable and similar income		1	2
Interest payable and similar charges	7	(1,677)	(1,510)
<b>Profit on ordinary activities before taxation</b>		<b>189</b>	<b>1,332</b>
Tax on profit on ordinary activities	8	(93)	(287)
<b>Profit on ordinary activities after taxation</b>		<b>96</b>	<b>1,045</b>
Minority interests		(158)	(984)
<b>(Loss)/profit for the financial year</b>	19	<b>(62)</b>	<b>61</b>

All amounts relate to continuing operations

The notes on pages 13 to 29 form part of these financial statements

## Consolidated Statement of Total Recognised Gains and Losses

For the year ended 31 December 2014

	2014 £000	2013 £000
(Loss)/profit for the financial year	<u>(62)</u>	<u>61</u>
Total recognised gains and losses relating to the year	<u><u>(62)</u></u>	<u><u>61</u></u>

The notes on pages 13 to 29 form part of these financial statements

## Consolidated Balance Sheet

As at 31 December 2014

	Note	£000	2014 £000	2013 £000
<b>Fixed assets</b>				
Intangible assets	9		187	248
Tangible assets	10		98	113
Investments in joint arrangements				
-Share of gross assets		-		1,276
-Share of gross liabilities		-		(308)
Share of net assets	11		-	968
			285	1,329
<b>Current assets</b>				
Stocks	12	24,912		15,917
Debtors	13	4,786		4,164
Cash at bank		258		117
		29,956		20,198
<b>Creditors: amounts falling due within one year</b>	14	(28,971)		(20,280)
<b>Net current assets/(liabilities)</b>			985	(82)
<b>Total assets less current liabilities</b>			1,270	1,247
<b>Creditors: amounts falling due after more than one year</b>	15		(17)	(30)
<b>Net assets</b>			1,253	1,217
<b>Capital and reserves</b>				
Called up share capital	18		50	50
Profit and loss account	19		25	147
<b>Shareholders' funds</b>	20		75	197
<b>Minority interests</b>	22		1,178	1,020
			1,253	1,217

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

N G King  
Chairman

Date 25 June 2015

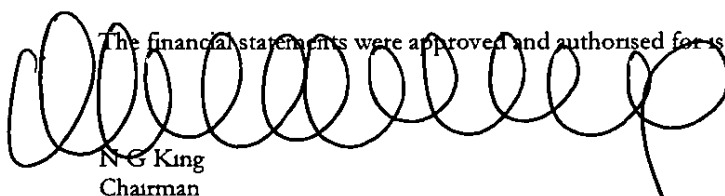
The notes on pages 13 to 29 form part of these financial statements

## Company Balance Sheet

As at 31 December 2014

	Note	£000	2014 £000	£000	2013 £000
<b>Fixed assets</b>					
Tangible assets	10		39		51
Investments	11		348		347
			<u>387</u>		<u>398</u>
<b>Current assets</b>					
Stocks	12	-		4	
Debtors	13	1,098		265	
Cash at bank		1		-	
		<u>1,099</u>		<u>269</u>	
<b>Creditors</b> amounts falling due within one year	14	(19)		(21)	
<b>Net current assets</b>			<u>1,080</u>		<u>248</u>
<b>Total assets less current liabilities</b>			<u>1,467</u>		<u>646</u>
<b>Creditors</b> amounts falling due after more than one year	15		(17)		(30)
<b>Net assets</b>			<u>1,450</u>		<u>616</u>
<b>Capital and reserves</b>					
Called up share capital	18		50		50
Profit and loss account	19		1,400		566
<b>Shareholders' funds</b>	20		<u>1,450</u>		<u>616</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 June 2015.

  
N G King  
Chairman

The notes on pages 13 to 29 form part of these financial statements

## Consolidated Cash Flow Statement

For the year ended 31 December 2014

	Note	2014 £000	2013 £000
Net cash flow from operating activities	23	(1,727)	(2,108)
Returns on investments and servicing of finance	24	(1,676)	(1,508)
Taxation		(15)	(90)
Capital expenditure and financial investment	24	(8)	(124)
Acquisitions and disposals	24	1,293	(405)
Equity dividends paid		(60)	-
<b>Cash outflow before financing</b>		<b>(2,193)</b>	<b>(4,235)</b>
Financing	24	2,290	3,990
<b>Increase/(Decrease) in cash in the year</b>		<b>97</b>	<b>(245)</b>

## Reconciliation of Net Cash Flow to Movement in Net Debt

For the year ended 31 December 2014

	2014 £000	2013 £000
Increase/(Decrease) in cash in the year	97	(245)
Cash inflow from increase in debt and lease financing	(2,290)	(3,990)
<b>Change in net debt resulting from cash flows</b>	<b>(2,193)</b>	<b>(4,235)</b>
Increase in net debt from acquisition of subsidiaries	-	(2,681)
Other non-cash changes	-	-
<b>Movement in net debt in the year</b>	<b>(2,193)</b>	<b>(6,916)</b>
Net debt at 1 January 2014	(13,607)	(6,691)
<b>Net debt at 31 December 2014</b>	<b>(15,800)</b>	<b>(13,607)</b>

The notes on pages 13 to 29 form part of these financial statements

# Notes to the Financial Statements

For the year ended 31 December 2014

## 1. Accounting Policies

### 1.1 Basis of preparation of financial statements

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

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

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

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

### 1.2 Basis of consolidation

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

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

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

### 1.3 Turnover

Turnover consists of residential property sales, sale of residential and commercial freehold and leasehold assets, and revenue from construction contracts

Revenue and profit from residential property sales is recognised at the point of legal completion of each property

Revenue and profit from the sales of residential and commercial freehold and leasehold assets and from construction contracts is recognised only when the outcome can be estimated reliably

### 1.4 Intangible fixed assets and amortisation

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

Amortisation is provided at the following rates

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

For the year ended 31 December 2014

### 1. Accounting Policies (continued)

#### 1.5 Tangible fixed assets and depreciation

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

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

#### 1.6 Investments

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

#### 1.7 Leasing and hire purchase

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

#### 1.8 Operating leases

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

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

#### 1.9 Work in progress and finished goods

Work in progress and finished goods are valued at direct cost less foreseeable losses and payments received on account, and are stated at the lower of cost and net realisable value.

Costs comprises costs of acquisition and development, including directly attributable fees and expenses, direct labour costs and selling costs.



# Notes to the Financial Statements

For the year ended 31 December 2014

## 1. Accounting Policies (continued)

### 1.10 Deferred taxation

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

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

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

Deferred tax assets and liabilities are not discounted

### 1.11 Pensions

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

### 1.12 Interest payable

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

### 1.13 Financial instruments

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

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

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

## 2. Segmental reporting

All turnover arose from property development, housebuilding, and related activities within the United Kingdom

# Notes to the Financial Statements

For the year ended 31 December 2014

## 3. Operating profit

The operating profit is stated after charging

	2014 £000	2013 £000
Amortisation - intangible fixed assets	62	62
Depreciation of tangible fixed assets		
- owned by the group	6	4
- held under finance leases	16	17
Operating lease rentals		
- plant and machinery	36	39
- other operating leases	218	218
	<u>218</u>	<u>218</u>

## 4. Auditors' remuneration

	2014 £000	2013 £000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	32	32
Fees payable to the Company's auditor in respect of		
Audit-related assurance services	3	2
Taxation compliance services	10	10
	<u>10</u>	<u>10</u>

## 5. Staff costs

Staff costs, including directors' remuneration, were as follows

	2014 £000	2013 £000
Wages and salaries	1,616	1,510
Social security costs	214	174
Other pension costs	38	90
	<u>1,868</u>	<u>1,774</u>

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

	2014 No	2013 No
Administrative staff	22	17
Site staff	17	16
	<u>39</u>	<u>33</u>

# Notes to the Financial Statements

For the year ended 31 December 2014

## 6. Directors' remuneration

	2014 £000	2013 £000
Remuneration	930	558
Company pension contributions to defined contribution pension schemes	29	76

During the year retirement benefits were accruing to 5 directors (2013 - 5) in respect of defined contribution pension schemes

The highest paid director received remuneration of £207,000 (2013 - £174,000)

## 7. Interest payable and similar charges

	2014 £000	2013 £000
Interest payable on bank borrowings	1,613	1,551
Other interest payable	175	9
On finance leases and hire purchase contracts	2	1
Release of discounted long term debtors	(113)	(51)
	1,677	1,510

## 8. Taxation

	2014 £000	2013 £000
<b>Analysis of tax credit in the year</b>		
Current tax (see note below)		
UK corporation tax credit on profit for the year	(16)	(11)
<b>Deferred tax (see note 16)</b>		
Origination and reversal of timing differences	109	298
<b>Tax on profit on ordinary activities</b>	93	287

# Notes to the Financial Statements

For the year ended 31 December 2014

## 8. Taxation (continued)

### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2013 - lower than) the standard rate of corporation tax in the UK of 20.0% (2013 - 23.2%). The differences are explained below:

	2014 £000	2013 £000
Profit on ordinary activities before tax	189	1,332
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.0% (2013 - 23.2%)	38	309
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	6	27
Capital allowances for year in excess of depreciation	1	(1)
Utilisation of tax losses	(172)	(512)
Unrelieved tax losses carried forward	63	214
Adjustment in respect of prior years	48	(30)
Land remediation relief	-	(18)
Current tax credit for the year (see note above)	(16)	(11)

## 9. Intangible fixed assets

Group	Goodwill £000
Cost	
At 1 January 2014	310
Additions	1
At 31 December 2014	311
Amortisation	
At 1 January 2014	62
Charge for the year	62
At 31 December 2014	124
Net book value	
At 31 December 2014	187
At 31 December 2013	248

Goodwill amounting to £311,000, relating to the acquisition of 50% of the share capital of Nicholas King Holdings PLC and its subsidiaries in 2013, has been accounted for in accordance with FRS 6 "Acquisitions and Mergers". This goodwill is being amortised over its estimated useful economic life which the directors estimated to be 5 years.

## Notes to the Financial Statements

For the year ended 31 December 2014

## 10. Tangible fixed assets

Group	Motor vehicles £000	Fixtures & fittings £000	Total £000
<b>Cost</b>			
At 1 January 2014	130	40	170
Additions	7	-	7
At 31 December 2014	137	40	177
<b>Depreciation</b>			
At 1 January 2014	21	36	57
Charge for the year	19	3	22
At 31 December 2014	40	39	79
<b>Net book value</b>			
At 31 December 2014	97	1	98
At 31 December 2013	109	4	113

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

Group	2014 £000	2013 £000
Motor vehicles	31	46
<b>Company</b>		<b>Motor vehicles £000</b>
<b>Cost</b>		
At 1 January 2014		72
Additions		7
At 31 December 2014		79
<b>Depreciation</b>		
At 1 January 2014		21
Charge for the year		19
At 31 December 2014		40
<b>Net book value</b>		
At 31 December 2014		39
At 31 December 2013		51

# Notes to the Financial Statements

For the year ended 31 December 2014

## 10. Tangible fixed assets (continued)

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

	2014	2013
Company	£000	£000
Motor vehicles	31	46

## 11. Investments

Group	Investment in joint arrangement £000
Cost or valuation	
At 1 January 2014	968
Share of profit from joint arrangement in the year	325
Net repayment of capital invested in and profits from joint arrangement	(1,293)
At 31 December 2014	-
Net book value	
At 31 December 2014	-
At 31 December 2013	968

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

The joint arrangement developed two luxury houses at Roedean Crescent, Roehampton, which were completed in November 2013 and April 2014

The joint arrangement was dissolved on 29 September 2014 following full repayment of capital and profit shares to each partner

# Notes to the Financial Statements

For the year ended 31 December 2014

## 11. Investments (continued)

Company	Investments in subsidiary companies £000
<b>Cost or valuation</b>	
At 1 January 2014	347
Additions	1
At 31 December 2014	348
<b>Net book value</b>	
At 31 December 2014	348
At 31 December 2013	347

On 11 February 2013, the Company acquired 50% of the share capital of Nicholas King Holdings Plc and all of its subsidiary undertakings. The Company paid consideration of £347,000 which gave rise to goodwill of £311,000. This has been recognised as an intangible asset in the Group financial statements. The shareholding in Nicholas King Holdings Plc is included within these consolidated financial statements as Mr N G King has overall control of the Group.

The following were subsidiary undertakings of the Company during the year. All have been included in the consolidated group results.

Company name	Class of shares	Percentage Holding
NK Developments (No 1) Limited	Ordinary	100%
NK Developments (No 2) Limited (dissolved 24 March 2015)	Ordinary	100%
NK Developments (No 3) Limited (dissolved 24 March 2015)	Ordinary	100%
NK Developments (No 4) Limited	Ordinary	100%
NK Developments (No 5) Limited	Ordinary	100%
NK Developments (No 6) Limited	Ordinary	100%
N K Groundworks Limited	Ordinary	100%
N K Home Services Limited (dissolved 24 March 2015)	Ordinary	100%
N K Developments (Roehampton) Limited (dissolved 24 March 2015)	Ordinary	50%
Nicholas King Holdings PLC	Ordinary	50%
Nicholas King Homes Holdings PLC (dissolved 24 March 2015)	Ordinary	50%
Nicholas King Homes PLC	Ordinary	50%
Nicholas King (No 1) Limited	Ordinary	50%
Nicholas King (No 2) Limited (dissolved 24 March 2015)	Ordinary	50%
Acquest Developments Limited (dissolved 24 March 2015)	Ordinary	50%
Nicholas King Marketing Limited (dissolved 24 March 2015)	Ordinary	50%
Nicholas King Special Projects Limited	Ordinary	50%
Podhotels (London) Limited (dissolved 24 March 2015)	Ordinary	50%

# Notes to the Financial Statements

For the year ended 31 December 2014

For the year ending 31 December 2014 the following subsidiaries have taken the entitled exemption from audit under section 479A of the Companies Act 2006

NK Developments (No 1) Limited  
 NK Developments (No 4) Limited  
 NK Developments (No 5) Limited  
 NK Developments (No 6) Limited  
 N K Groundworks Limited  
 Nicholas King Racing Limited  
 Nicholas King Construction Limited  
 Nicholas King (No1) Limited  
 Nicholas King Special Projects Limited

## 12. Stocks

	<u>Group</u>		<u>Company</u>	
	2014 £000	2013 £000	2014 £000	2013 £000
Work in progress	24,912	15,599	-	4
Finished stock	-	318	-	-
	<u>24,912</u>	<u>15,917</u>	<u>-</u>	<u>4</u>

## 13. Debtors

	<u>Group</u>		<u>Company</u>	
	2014 £000	2013 £000	2014 £000	2013 £000
Trade debtors	2,890	1,873	-	-
Amounts owed by group undertakings	-	-	1,048	215
Other debtors	51	193	-	-
Called up share capital not paid	50	50	50	50
Prepayments and accrued income	128	85	-	-
Other tax recoverable	65	252	-	-
Deferred tax asset (see note 16)	1,602	1,711	-	-
	<u>4,786</u>	<u>4,164</u>	<u>1,098</u>	<u>265</u>



# Notes to the Financial Statements

For the year ended 31 December 2014

## 14. Creditors:

Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	£000	£000	£000	£000
Bank loans and overdrafts	15,445	13,227	-	-
Other loans	582	454	-	-
Net obligations under finance leases and hire purchase contracts	14	13	14	13
Trade creditors	1,906	2,975	-	-
Corporation tax	2	34	-	5
Other taxation and social security	92	119	-	-
Other creditors	392	46	-	2
Accruals and deferred income	10,538	3,412	5	1
	<u>28,971</u>	<u>20,280</u>	<u>19</u>	<u>21</u>

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

Accruals and deferred income includes land accruals of £6,801,000 (2013 £Nil)

## 15. Creditors:

Amounts falling due after more than one year

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	£000	£000	£000	£000
Net obligations under finance leases and hire purchase contracts	17	30	17	30

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

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	£000	£000	£000	£000
Between one and five years	17	30	17	30

# Notes to the Financial Statements

For the year ended 31 December 2014

## 16. Deferred taxation

	<u>Group</u>		<u>Company</u>	
	2014 £000	2013 £000	2014 £000	2013 £000
At beginning of year	1,711	22	-	-
Released to the profit and loss account during the year	(109)	1,689	-	-
At end of year	<u>1,602</u>	<u>1,711</u>	<u>-</u>	<u>-</u>

The deferred taxation balance is made up as follows

	<u>Group</u>		<u>Company</u>	
	2014 £000	2013 £000	2014 £000	2013 £000
Tax losses brought forward	<u>1,602</u>	<u>1,711</u>	<u>-</u>	<u>-</u>

## 17. Related party transactions

The Group owed £582,000 (2013 £454,000) to Nicholas King Homes Plc Retirement Benefit Scheme at 31 December 2014. This loan is included under other loans and interest is payable on this loan on an arms length basis.

At 31 December 2014, the Nicholas King Developments Plc group owed an amount of £1,062,000 to Nicholas King Homes Plc (2013 £1,886,000). This consists of £842,000 from Nicholas King Developments Plc and £220,000 from Nicholas King Construction Limited.

Nicholas King Developments Plc incurred overheads recharged from Nicholas King Homes Plc of £1,236,000 (2013 £1,348,000) during the year. Nicholas King Developments Plc provided £2,060,000 (2013 £2,289,000) of funding to Nicholas King Homes Plc for construction and other activities during the year.

The Group has received funds from Mr N G King, a director of the Company, in the form of a loan. The maximum loan amount due to Mr N G King in 2014 was £361,000 (2013 £46,000). The loan amount due to Mr N G King at 31 December 2014 was £358,000 (2013 Amount due from Mr N G King £75,000). This loan is included under other creditors and interest is payable on this loan on an arms length basis.

During the year the Group paid £61,000 (2013 £Nil) for work in progress in connection with construction costs for a property owned by Mr N G King, a director of the company, in accordance with a JCT Build Contract dated 20 October 2014. These construction costs will be repaid in 2015. This amount is included under work in progress.

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

# Notes to the Financial Statements

For the year ended 31 December 2014

## 18. Share capital

	2014 £000	2013 £000
<b>Authorised</b>		
1,000,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called up and fully paid</b>		
50,000 Ordinary shares of £1 each	<u>50</u>	<u>50</u>

## 19. Reserves

<b>Group</b>	<b>Profit and loss account £000</b>
At 1 January 2014	147
Loss for the year	(62)
Dividends Equity capital	(60)
	<u>25</u>
At 31 December 2014	
<b>Company</b>	<b>Profit and loss account £000</b>
At 1 January 2014	566
Profit for the year	894
Dividends Equity capital	(60)
	<u>1,400</u>
At 31 December 2014	

# Notes to the Financial Statements

For the year ended 31 December 2014

## 20. Reconciliation of movement in shareholders' funds

	2014 £000	2013 £000
<b>Group</b>		
Opening shareholders' funds	197	111
Prior year adjustments		25
Opening shareholders' funds (as restated)		136
Loss for the financial year	(62)	61
Dividends (note 21)	(60)	-
Closing shareholders' funds	75	197
<b>Company</b>		
Opening shareholders' funds	616	641
Profit/(loss) for the financial year	894	(25)
Dividends (note 21)	(60)	-
Closing shareholders' funds	1,450	616

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

The profit for the year dealt with in the accounts of the Company was £894,000 (2013 - loss £25,000)

## 21. Dividends

	2014 £000	2013 £000
Dividends paid on equity capital	60	-

# Notes to the Financial Statements

For the year ended 31 December 2014

## 22. Minority interests

	2014 £000	2013 £000
Opening minority interests (as previously stated)	1,020	73
Prior year adjustment	-	(73)
Addition on acquisition of subsidiaries	-	36
Share of profit for the financial year	158	984
<b>Total</b>	<b>1,178</b>	<b>1,020</b>

The minority interest is held entirely by Mr N G King, a director of the Company by virtue of his 50% shareholding in Nicholas King Holdings Plc

## 23. Net cash flow from operating activities

	2014 £000	2013 £000
Operating profit	1,540	2,552
Amortisation of intangible fixed assets	62	62
Depreciation of tangible fixed assets	22	21
Profit on disposal of tangible fixed assets	-	(2)
Decrease/(increase) in stocks	36	(4,162)
Decrease/(increase) in debtors	(766)	(688)
(Decrease)/increase in creditors	(2,621)	109
<b>Net cash outflow from operating activities</b>	<b>(1,727)</b>	<b>(2,108)</b>

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

	2014 £000	2013 £000
<b>Returns on investments and servicing of finance</b>		
Interest received	1	2
Interest paid	(1,675)	(1,509)
Hire purchase interest	(2)	(1)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(1,676)</b>	<b>(1,508)</b>

# Notes to the Financial Statements

For the year ended 31 December 2014

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

	2014 £000	2013 £000
<b>Capital expenditure and financial investment</b>		
Purchase of intangible fixed assets	(1)	-
Purchase of tangible fixed assets	(7)	(126)
Sale of tangible fixed assets	-	2
<b>Net cash outflow from capital expenditure</b>	<b>(8)</b>	<b>(124)</b>
	<b>2014 £000</b>	<b>2013 £000</b>
<b>Acquisitions and disposals</b>		
Acquisition of shares in subsidiaries	-	(346)
Increase share in joint arrangement	-	(269)
Proceeds from dissolution of joint arrangement	1,293	-
Cash acquired on purchase of subsidiary group	-	210
<b>Net cash inflow/(outflow) from acquisitions and disposals</b>	<b>1,293</b>	<b>(405)</b>
	<b>2014 £000</b>	<b>2013 £000</b>
<b>Financing</b>		
New secured loans	19,504	17,068
Repayment of loans	(17,201)	(13,121)
Repayment of finance leases	(13)	43
<b>Net cash inflow from financing</b>	<b>2,290</b>	<b>3,990</b>

# Notes to the Financial Statements

For the year ended 31 December 2014

## 25. Analysis of changes in net debt

	1 January 2014 £000	Cash flow £000	Other non-cash changes £000	31 December 2014 £000
Cash at bank and in hand	117	141	-	258
Overdrafts	-	(44)	-	(44)
	<u>117</u>	<u>97</u>	<u>-</u>	<u>214</u>
<b>Debt:</b>				
Debts due within one year	(13,694)	(2,303)	-	(15,997)
Debts falling due after more than one year	(30)	13	-	(17)
	<u>(13,607)</u>	<u>(2,193)</u>	<u>-</u>	<u>(15,800)</u>
<b>Net debt</b>	<u>(13,607)</u>	<u>(2,193)</u>	<u>-</u>	<u>(15,800)</u>

## 26. Ultimate controlling party

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