

Registered number: 02087224

ABEL HOMES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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ABEL HOMES LIMITED

COMPANY INFORMATION

Directors	A N Abel M G Abel C A Abel N F Bartram (appointed 16 May 2016) P M LeGrice
Company secretary	P M LeGrice
Registered number	02087224
Registered office	Neaton Business Park (North) Norwich Road Watton Thetford Norfolk IP25 6JB
Independent auditors	Larking Gowen Chartered Accountants & Statutory Auditors King Street House 15 Upper King Street Norwich NR3 1RB
Bankers	Lloyds Bank Plc 3 Queen Street Norwich NR2 4SG
Solicitors	Ashton K C J Chequers House 77-81 Newmarket Road Cambridge CB5 8EU

ABEL HOMES LIMITED

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ABEL HOMES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

Introduction

The directors present their strategic report for Abel Homes Limited for the year ended 31 December 2016.

Financial key performance indicators

The Key Performance Indicators of the company are the level of turnover, gross profit margin and profit before taxation. The key performance indicators for the year ended 31 December 2016 are as follows;

Turnover £16,201,057 (2015 - £12,701,829)

Gross profit margin 26.7% (2015 - 22.9%)

Profit before taxation £2,787,234 (2015 - £1,570,888)

Development and financial performance during the year

The housing market has remained strong during the year and whilst there are indications that price growth is now steadying, appetite within the East Anglian market remains strong. The company's turnover has increased by 27.5% compared to the previous year reflective of the strong trading conditions and the existence of two established sites throughout the year. Gross profit margin has also risen to 26.7% reflecting the increase in sales price achieved together with successful buying across the sites. Operating profit has also increased due to tight cost controls and management of administrative overheads.

National Housing Policy and the recognition by all political parties of the need for increased levels of house building across the UK provides some assurance that current levels of trading can be maintained in forthcoming years. The company is well placed via its land bank and option agreements to benefit from the continuing strong market place, but also has measures in place to ensure that it is protected should this not be the case.

Financial position at the reporting date

The Balance Sheet shows that the company's net assets at the year end has increased from £2,406,351 to £4,117,507 as a result of the profits realised during the year.

ABEL HOMES LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

Principal risks and uncertainties

The continued successful performance of the company requires management to continually monitor the key risks facing the company. As such the Board formally manage this process on a regular basis and ensure that processes are in place to mitigate any potential risks which are identified.

The principal risks and uncertainties facing Abel Homes include;

- **Housing market** – Whilst trading conditions are currently strong, the housing market continues to be highly susceptible to a number of factors including interest rates, buyer confidence, buyer perception of economic stability and political stability. The uncertainty following the result of the General Election has the potential to impact this potential risk area, as do the forth coming BREXIT negotiations.
- **Availability of land** – Whilst the company currently has a sufficient land bank to meet its medium term objectives the continued availability of land at satisfactory prices remains key to ensure the company's longer term objectives.
- **Planning Policy** – Increasing red tape and the potential for changing housing policy following the General Election.
- **Availability of Skilled Workforce** – The increased level of development within the UK has led to a well publicised shortage of skilled workers in a number of trades. Whilst the company has a number of key contractors with whom it works closely it is constantly monitoring the markets to ensure that its exposure in this respect is minimised. The full impact of BREXIT negotiations on this area is also being monitored.
- **Key Personnel** – Management seek to ensure that key personnel are appropriately remunerated to ensure that good performance is recognised and that its core team is maintained.

This report was approved by the board on 23rd June 2017 and signed on its behalf.



P M LeGrice
Director

ABEL HOMES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Principal activity

The company's principal activity is property dealing and property development.

Directors

The directors who served during the year were:

A N Abel
M G Abel
C A Abel
N F Bartram (appointed 16 May 2016)
P M LeGrice

Results and dividends

The profit for the year, after taxation, amounted to £2,286,156 (2015 - £1,254,040).

The directors recommended payment of dividends totalling £575,000 (2015 - £212,500) during the year.

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 judgments 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 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.

Future developments

These matters are discussed in detail in the Strategic report.

ABEL HOMES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

Post balance sheet events

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

Disclosure of information to auditors

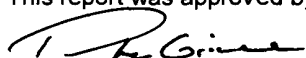
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are 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 auditors are aware of that information.

Auditors

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

This report was approved by the board on **23rd June 2017** and signed on its behalf.



P M LeGrice
Director

ABEL HOMES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABEL HOMES LIMITED

We have audited the financial statements of Abel Homes Limited for the year ended 31 December 2016, set out on pages 7 to 24. The relevant financial reporting framework that has been applied in their preparation is applicable law and the 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'.

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 Auditors' 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 Auditors

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. 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 Financial Reporting Council'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.

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 31 December 2016 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.

Opinion on other matter 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 those financial statements and such reports have been prepared in accordance with applicable legal requirements.

ABEL HOMES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABEL HOMES LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and the Directors' report.

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

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



Ian Fitch FCA (Senior statutory auditor)

for and on behalf of

Larking Gowen

Chartered Accountants
Statutory Auditors

King Street House
15 Upper King Street
Norwich
NR3 1RB

Date: 30 June 2017

ABEL HOMES LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £	2015 £
Turnover	4	16,201,057	12,701,829
Cost of sales		(11,875,524)	(9,788,206)
Gross profit		4,325,533	2,913,623
Administrative expenses		(1,267,426)	(1,094,768)
Other operating income	5	3,227	1,226
Operating profit	6	3,061,334	1,820,081
Interest receivable and similar income	9	391	581
Interest payable and expenses	10	(274,491)	(249,774)
Profit before tax		2,787,234	1,570,888
Tax on profit	11	(501,078)	(316,848)
Profit after tax		2,286,156	1,254,040
Retained earnings at the beginning of the year		2,406,349	1,364,809
		2,406,349	1,364,809
Profit for the year		2,286,156	1,254,040
Dividends declared and paid		(575,000)	(212,500)
Retained earnings at the end of the year		4,117,505	2,406,349

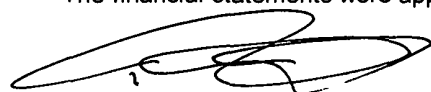
The notes on pages 9 to 24 form part of these financial statements.

ABEL HOMES LIMITED
REGISTERED NUMBER: 02087224

BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	13	541,212	335,993
		<u>541,212</u>	<u>335,993</u>
Current assets			
Stocks	14	14,242,981	9,350,014
Debtors: amounts falling due within one year	15	649,025	339,844
Cash at bank and in hand	16	623,823	750,255
		<u>15,515,829</u>	<u>10,440,113</u>
Creditors: amounts falling due within one year	17	(6,897,421)	(5,854,739)
Net current assets		<u>8,618,408</u>	<u>4,585,374</u>
Total assets less current liabilities		<u>9,159,620</u>	<u>4,921,367</u>
Creditors: amounts falling due after more than one year	18	(4,998,301)	(2,485,990)
Provisions for liabilities			
Deferred tax	21	(43,812)	(29,026)
		<u>(43,812)</u>	<u>(29,026)</u>
Net assets		<u><u>4,117,507</u></u>	<u><u>2,406,351</u></u>
Capital and reserves			
Called up share capital	22	2	2
Profit and loss account	23	4,117,505	2,406,349
		<u><u>4,117,507</u></u>	<u><u>2,406,351</u></u>

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



A N Abel
Director



P M LeGrice
Director

Date: 23rd June 2017

Date: 23rd June 2017

The notes on pages 9 to 24 form part of these financial statements.

ABEL HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. General information

Abel Homes is a private company limited by shares and incorporated in England, registration number 02087224. The registered office is Neaton Business Park (North), Norwich Road, Watton, Thetford, Norfolk, IP25 6JB.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are presented in Sterling (£).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Abel Holdings (Norfolk) Limited as at 31 December 2016 and these financial statements may be obtained from Companies House.

2.3 Turnover

Turnover represents the value of house sales and other invoiced work excluding Value Added Tax. An open market house sale is recognised on legal completion. Affordable Housing turnover from Housing Associations is recognised when the company fulfils its obligations at each certifiable stage during the build process.

ABEL HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.4 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.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to 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 charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis and a straight line basis..

Depreciation is provided on the following basis:

Plant and machinery	-	25% per annum reducing balance
Motor vehicles	-	25% per annum reducing balance
Fixtures and fittings	-	25% per annum reducing balance
Office equipment	-	25% per annum reducing balance
Computer equipment	-	25% per annum reducing balance
Helicopter	-	8% per annum straight line

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 Statement of income and retained earnings.

2.5 Leased assets: the Company as lessee

Assets obtained under hire purchase contract 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 Statement of income and retained earnings so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

ABEL HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.6 Stocks

Stocks and development land are stated at the lower of cost and net realisable value. The cost of work in progress and finished houses includes all appropriate production overheads. Net realisable value is based on estimated selling price less the estimated costs of disposal.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Income and Retained Earnings.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.9 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of income and retained earnings.

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

ABEL HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. Accounting policies (continued)

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Finance costs

Finance costs are charged to the Statement of income and retained earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.12 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.13 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of income and retained earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.14 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance sheet date.

2.15 Interest income

Interest income is recognised in the Statement of income and retained earnings using the effective interest method.

ABEL HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. Accounting policies (continued)

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires 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 Statement of income and retained earnings 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.

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of income and retained earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

ABEL HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These estimates and judgments are continually evaluated and are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The judgments, estimates and assumptions which have significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are addressed below:

Stock

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. Any impairment loss is recognised immediately in the Statement of income and retained earnings.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. See note 13 for the carrying amount of the property plant and equipment, and note 2.4 for the useful economic lives for each class of assets.

4. Turnover

The whole of the turnover is attributable to that of property dealing and property development.

All turnover arose within the United Kingdom.

5. Other operating income

	2016 £	2015 £
Rental income	3,227	1,226
	<u>3,227</u>	<u>1,226</u>

ABEL HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

6. Operating profit

The operating profit is stated after charging/(crediting):

	2016	2015
	£	£
Depreciation of tangible fixed assets owned by the company	110,633	101,233
Depreciation of tangible fixed assets held under finance leases	20,618	8,622
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	13,520	12,980
Fees payable to the company's auditor and its associates for other services to the company.	6,550	2,055
Defined contribution pension cost	16,281	12,676
(Profit)/loss on sale of fixed assets	(16,005)	(4,562)

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2016	2015
	£	£
Wages and salaries	1,186,789	1,008,244
Social security costs	126,586	98,458
Cost of defined contribution scheme	16,281	12,676
	1,329,656	1,119,378

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

	2016	2015
	No.	No.
Average number of employees	30	29

ABEL HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

8. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	364,035	257,947
Company contributions to defined contribution pension schemes	5,963	4,800
	<u>369,998</u>	<u>262,747</u>

During the year retirement benefits were accruing to 1 director (2015 - 1) in respect of defined contribution pension schemes.

The highest paid director received emoluments of £235,997 (2015 - £135,707).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £5,963 (2015 - £4,800).

9. Interest receivable

	2016 £	2015 £
Other interest receivable	391	581
	<u>391</u>	<u>581</u>

10. Interest payable and similar charges

	2016 £	2015 £
Bank interest payable	145,156	93,051
Finance leases and hire purchase contracts	1,484	2,287
Other interest payable	127,851	154,436
	<u>274,491</u>	<u>249,774</u>

ABEL HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

11. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	486,558	322,200
Adjustments in respect of previous periods	(266)	-
Total current tax	<u>486,292</u>	<u>322,200</u>
Deferred tax		
Origination and reversal of timing differences	14,786	(5,352)
Total deferred tax	<u>14,786</u>	<u>(5,352)</u>
Taxation on profit on ordinary activities	<u>501,078</u>	<u>316,848</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015 - *lower than*) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>2,787,234</u>	<u>1,570,888</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	557,447	318,052
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,551	387
Capital allowances for year in excess of depreciation	(22,517)	3,761
Adjustments to tax charge in respect of prior periods	(266)	-
Short term timing difference leading to an increase (decrease) in taxation	14,786	(5,352)
Group relief	(50,923)	-
Total tax charge for the year	<u>501,078</u>	<u>316,848</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

ABEL HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

12. Dividends

	2016 £	2015 £
Dividends paid on share capital	<u>575,000</u>	<u>212,500</u>

13. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Office equipment £	Computer equipment £	Helicopter £	Total £
Cost or valuation						
At 1 January 2016	379,862	168,698	22,939	62,866	242,895	877,260
Additions	225,463	123,295	14,526	12,440	-	375,724
Disposals	(50,060)	(58,420)	-	(3,514)	-	(111,994)
At 31 December 2016	<u>555,265</u>	<u>233,573</u>	<u>37,465</u>	<u>71,792</u>	<u>242,895</u>	<u>1,140,990</u>
Depreciation						
At 1 January 2016	225,715	72,791	17,327	30,949	194,485	541,267
Charge for the period on owned assets	70,738	29,085	2,490	9,699	19,239	131,251
Disposals	(34,395)	(35,795)	-	(2,550)	-	(72,740)
At 31 December 2016	<u>262,058</u>	<u>66,081</u>	<u>19,817</u>	<u>38,098</u>	<u>213,724</u>	<u>599,778</u>
Net book value						
At 31 December 2016	<u>293,207</u>	<u>167,492</u>	<u>17,648</u>	<u>33,694</u>	<u>29,171</u>	<u>541,212</u>
At 31 December 2015	<u>154,147</u>	<u>95,907</u>	<u>5,612</u>	<u>31,917</u>	<u>48,410</u>	<u>335,993</u>

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

	2016 £	2015 £
Plant and machinery	96,688	16,251
Motor vehicles	-	9,616
	<u>96,688</u>	<u>25,867</u>

ABEL HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

14. Stocks

	2016 £	2015 £
Work in progress (goods to be sold)	14,242,981	9,350,014
	<u>14,242,981</u>	<u>9,350,014</u>

Stock recognised in cost of sales during the year as an expense was £11,263,250 (2015 - £9,267,257).

An impairment loss of £Nil (2015 - £Nil) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

15. Debtors

	2016 £	2015 £
Trade debtors	159,346	87,789
Amounts owed by group undertakings	309,237	169,306
Other debtors	81,212	26,586
Prepayments and accrued income	99,230	56,163
	<u>649,025</u>	<u>339,844</u>

An impairment loss of £Nil (2015: £Nil) was recognised against trade debtors.

16. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	623,823	750,255
	<u>623,823</u>	<u>750,255</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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17. Creditors: Amounts falling due within one year

	2016 £	2015 £
Bank loans	-	406,250
Trade creditors	3,553,118	2,515,936
Amounts owed to group undertakings	38,182	-
Corporation tax	135,066	126,325
Other taxation and social security	88,746	90,941
Obligations under finance lease and hire purchase contracts	33,093	18,704
Other creditors	2,842,204	2,461,230
Accruals and deferred income	207,012	235,353
	<u>6,897,421</u>	<u>5,854,739</u>

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

	2016 £	2015 £
Bank loans	3,705,395	1,638,253
Net obligations under finance leases and hire purchase contracts	60,690	-
Other creditors	1,232,216	847,737
	<u>4,998,301</u>	<u>2,485,990</u>

Secured loans

The bank loan is secured by way of a first legal charge over the development site to which it relates.

HP agreements are secured against the assets to which they relate.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

19. Loans

Analysis of the maturity of loans is given below:

	2016 £	2015 £
Amounts falling due within one year		
Bank loans	-	406,250
	<u>-</u>	<u>406,250</u>
Amounts falling due 1-2 years		
Bank loans	3,705,395	1,638,253
	<u>3,705,395</u>	<u>1,638,253</u>
	<u>3,705,395</u>	<u>2,044,503</u>

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2016 £	2015 £
Within one year	35,738	19,249
After more than one year	62,542	-
	<u>98,280</u>	<u>19,249</u>
Less: interest	(4,497)	(545)
	<u>93,783</u>	<u>18,704</u>

ABEL HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

21. Deferred taxation

	2016 £	2015 £
At beginning of year	(29,026)	(34,378)
Charged to profit or loss	(14,786)	5,352
At end of year	(43,812)	(29,026)

The provision for deferred taxation is made up as follows:

	2016 £	2015 £
Accelerated capital allowances	(43,812)	(29,026)
	(43,812)	(29,026)

The amount of the net reversal of deferred tax expected to occur next year is £20,012 (2015 - £6,214) relating to the reversal of existing timing differences on tangible fixed assets.

22. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
200 Ordinary shares of £0.01 each	2.00	2.00
11 Growth shares shares of £0.01 each	0.11	-
	2.00	2.00

ABEL HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

22. Share capital (continued)

During the year, the company allotted and issued 11 growth shares of £0.01 each.

Ordinary shares

- a) Each holder of ordinary shares is entitled to one vote for every share held;
- b) Each holder of ordinary shares has full rights to participate in dividends and other distributions in proportion to the number of shares held;
- c) Each holder of ordinary shares has full rights to participate in capital distributions including on a winding up in proportion of the number of shares held;
- d) The ordinary shares are not redeemable

Growth shares

- a) Each holder of growth shares is entitled to one vote for every share held;
- b) Growth shares do not carry any right to participate in dividends and other distributions of the company;
- c) Growth shares carry no rights to participate in capital distributions including on a winding up unless certain value thresholds are reached;
- d) The growth shares are not redeemable

23. Reserves

Profit and loss account

The profit and loss account includes all current and prior period retained profit and losses.

24. Contingent liabilities

The company has provided bonds of £111,057 (2015: £555,286), £61,962 (2015: £61,962) and £333,260 (2015: £Nil) to Norfolk County Council in respect of the sites at Watton, Shipdham and Swaffham respectively. The company also provided bonds in favour of Anglian Water of £Nil (2015: £58,330), £5,160 (2015: £5,160) and £78,700 (2015: £Nil) in respect of sites at Watton, Shipdham and Swaffham respectively. The company has also provided a bond in the favour of NHBC of £50,000 (2015: £50,000). These bonds would become payable following any default on the conditions of the bonds.

The company has an Omnibus Guarantee and set-off agreement with Abel Properties Limited, an associate company, secured on the company's assets. The overdraft and loan of Abel Properties Limited at 31 December 2016 were £943,195 (2015: £1,035,760).

25. Pension commitments

The company operates a defined contribution stakeholder pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The total contributions paid in the year to the stakeholder scheme amounted to £Nil (2015: £Nil).

The pension cost charge represents contributions payable by the company into employees personal pension scheme and amounted to £16,281 (2015: £12,676). Contributions totalling £Nil (2015: £Nil) were payable at 31 December 2016 and are included in creditors.

ABEL HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

26. Related party transactions

At the year end, the balance on directors' loan accounts owed by the company was £14,753 (2015: £434,520). Interest has been paid on a directors loan at the rate of 3% above the bank base rate. This amounted to £10,190 (2015: £23,629) for the year. At the year end, the balance on the directors' loan accounts owed to the company was £3,102 (2015: £Nil) which are on an interest free basis.

At the year end, the company had loans outstanding from a company under common control of £2,748,455 (2015: £2,834,647). During the year the company made repayments of £86,192 (2015: £290,734). Interest has been paid on the loan at 3%-3.9% above the bank base rate. This amounted to £115,216 (2015: £130,807) for the year.

During the year, the company carried out renovation work at Neaton Business Park which is owned by a company under common control. The work was undertaken on an open-market basis and amounted to £76,490 (2015: £35,220). At the year end, there was an amount outstanding of £76,490 (2015: £Nil).

During the year, the company made management charges of £23,303 (2015: £39,585) to a company under common control in respect of services provided. At the year end, there was an amount outstanding of £23,303 (2015: £Nil).

Abel Homes Limited has a lease from a company under common control for part of Neaton Business Park. The rent charged was on an open market basis and amounted to £31,714 (2015: £31,818) in the year. No amount was outstanding at the year end.

The company has taken advantage of the exemption in the reporting framework from the requirement to disclose the transactions between wholly owned members of a group.

27. Controlling party

The company is 95% subsidiary of Abel Holdings (Norfolk) Limited.

The company is ultimately controlled by two directors, A N Abel & M G Abel (husband and wife) who between them own 75% of the issued share capital within the holding company.