Registered No: 2539870

Watkin Jones & Son Limited

Report and Financial Statements

30 September 2015

Registered No: 2539870

Directors
M Watkin Jones
G Morgan
P M Byrom
B Evans
J M Davies
G Davies
A Pease
A McDonough

Secretary
P M Byrom

Auditors
Ernst & Young LLP
100 Barbirolli Square
Manchester
M2 3EY

Bankers
HSBC Bank Plc
274 High Street
Bangor
Gwynedd
LL57 1RU

Registered office
Llandygai Industrial Estate
Bangor
Gwynedd
LL57 4YH

Directors' report

The directors present their report, strategic report and financial statements for the year ended 30 September 2015.

Principal activities

The principal activities of the company during the year were those of property developer and building contractor.

Results and dividends

The profit for the year after taxation amounted to £28,274,000 (2014: £12,821,000).

The company declared dividends of £2,122,000 during the year.

Shareholders' funds increased by £24,706,000 to £108,039,000.

Admission to AIM of Watkin Jones plc

On 15 March 2016, Watkin Jones plc, a company incorporated on 23 September 2015, acquired all the share capital in Watkin Jones Group Limited, the company's then ultimate parent undertaking. Watkin Jones plc was admitted to AIM, a market operated by the London Stock Exchange, on 23 March 2016.

Directors

The directors that served throughout the year were as follows:

G Watkin Jones (resigned 12 February 2016)
M Watkin Jones
G Morgan
N L Bingham (resigned 30 September 2015)
P M Byrom
B Evans
J M Davies
G Davies
A Pease
A McDonough

Employment policies

The company is a committed equal opportunities employer and in particular gives every consideration to applications for employment from disabled persons where the requirements of the job may be covered by a handicapped or disabled person.

Employees are kept informed regarding the company's affairs and are consulted on a regular basis whenever feasible and appropriate.

Director's statement as to disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Directors' qualifying third party indemnity provisions

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such a qualifying third party indemnity provision remains in force at the date of approving the directors' report.

Directors' report - continued

Auditors

In accordance with S485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditors of the Company.

By order of the board

P M Byrom
Secretary

23 June 2016

Strategic report

For the year ended 30 September 2015

Trading Performance

Turnover for the company increased to £197,600,000 from £178,812,000 last year, leading to an increase in operating profit before exceptional charges of £3,651,000 to £24,276,000.

During the year the Board took the difficult decision to cease the company's construction contracting business activities. This decision was taken in view of the lower margins and higher level of risk associated with contracting work compared to the company's own development projects. The company will continue to construct the developments which it undertakes, but does not intend to tender for general building contract work.

Excluding the results of the discontinued construction contracting business, continuing operations generated an operating profit of £23,877,000 on turnover of £190,532,000, compared to an operating profit of £7,768,000 on turnover of £165,671,000 last year. Operating margin from continuing operations was 12.5% compared to 4.7% last year.

The significant improvement in operating profit and margin reflects the progressive change in the mix of the projects undertaken as the company moves to development led work, particularly in the student accommodation sector, and legacy contracts and lower margin developments that the company undertook to generate cash and de-gear its balance sheet during the financial crisis are finally completed. The margin performance also demonstates the company's success in being able to source sites off market in its target cities and to achieve successful planning outcomes on those sites.

Profit before tax for the year was £31,138,000 (2014: £15,457,000), after recognising dividends received from subsidiary and associated undertakings of £8,034,000 (2014: £8,836,000).

The company has continued with its highly successful strategy of forward selling student accommodation developments, with the result that the company maintains positive cashflow dynamics. This is reflected in the company's cash generation, with its cash balance increasing by £33,581,000 to £58,970,000 at 30 September 2015.

Trading Review and Future Prospects

Student accommodation

The company's results reflect a very significant contribution from its student accommodation development activities. Revenue from student accommodation amounted to £172,328,000, up from £144,994,000 last year, and accounted for 87% of revenue from continuing operations. The company is recognised as the leading developer of student accommodation in the UK and is able to offer its institutional clients the complete service, from site procurement, through planning, construction and delivery, to ongoing operational management through Fresh Student Living Limited.

In view of the importance of being able to provide the complete development and management solution to the company's clients, the Board took the decision to acquire Fresh Student Living Limited and this transaction completed on 25 February 2016.

Through Fresh Student Living Limited the company has an in depth knowledge of trends in student requirements and is able to continually enhance its product offering to ensure that it stays at the forefront of the market.

Strategic report - continued

For the year ended 30 September 2015

Trading Review and Future Prospects (continued)

During the year the company delivered 3,245 student beds from 10 developments completed across the UK (2014: 2,727 beds from 10 developments). Developments were completed in London , Birmingham , Bristol, Edinburgh, St Andrews, Bournemouth, Bangor and Chester. These developments were for a range of institutional clients.

In the year the company commenced developments for several new institutional clients and will look to continue to partner with a range of clients on a forward sale basis going forward. The company will maintain its current level of deliveries at 3,000 to 4,000 beds per annum and will continue to source sites across the UK.

Recognising the company's broad geographical spread, the student accommodation construction operations have been organised into four geographic regions to enable better focus of management time and resources, and to engender a fuller sense of ownership. The company is also engaging with its supply chain to put in place national supply agreements where possible, which should assist key sub-contractors in managing their own capacity requirements and will benefit the company through certainty of supply and pricing arrangements.

During the year the company commenced its first development in Belfast under a joint venture arrangement. The company is acting in a development management role for this development, with the construction works having been sub-contracted to another main contractor. Two further sites have been secured in Belfast for delivery in 2017 and 2018.

The company has a number of exciting student accommodation projects that are currently progressing through planning. These include significant projects in London and Cardiff. The company is also on site with a large mixed use development in Bournemouth to include student accommodation, a hotel and commercial office space.

Residential

The company continues to develop out its historic land bank of sites and achieved a satisfactory level of sales across the sites in development in North Wales and Manchester. It remains a focus of the company to continue to release cash from its residential land bank and work in progress. In the period subsequent to the year end, substantially all of the apartments developed at Cestria, Chester and at Urban Edge, Edinburgh have been sold.

Looking to the future the company sees significant potential in the Private Rented Sector (PRS). It aligns perfectly with its experience in developing both student accommodation and residential apartment properties. In addition, the expertise gained in Fresh Student Living Limited to provide the ongoing management services will enable the company to provide the complete PRS solution, in the same way that has been proven for student accommodation. The company is currently developing its first PRS scheme in Leeds for one of its significant institutional clients. The company has other sites identified for PRS development and will look to expand its activities in this sector in the coming years.

Commercial

In the year the company completed the development at the historic Gorse Stacks site in Chester, which includes an integrated health resource centre and commercial office space. These properties have all been successfully let.

The company will continue to undertake selected commercial development opportunities, particularly where they form part of wider mixed use schemes.

Strategic report - continued

For the year ended 30 September 2015

Trading Review and Future Prospects (continued)

Bank facilities

During the year the company repaid the remaining balance of debt under its £25m Revolving Credit Facility (RCF) with HSBC Bank plc. This cleared the remaining legacy of loans drawn prior to the financial crisis and refinanced to HSBC in November 2012. The RCF has a term which expires in November 2017. However, subsequent to the year end the company has completed a new £40m 5 year RCF with HSBC and a £10m working capital facility. This step has been taken as part of the company's treasury risk management strategy in order to provide the company with the surety that it has banking facilities in place that are appropriate for the scale of its activities.

Going concern

The financial statements have been prepared on a going concern basis. The directors consider that it is appropriate for the financial statements to be prepared on this basis having considered all relevant information, including the company's trading and cashflow forecasts, the trading opportunities available to the company and the ongoing support of its Banks.

Treasury policies

The objectives of the company are to manage the company's financial risk; secure cost effective funding for the company's development operations, and to minimise the adverse effects of fluctuations in the financial markets on the company's financial assets and liabilities, on reported profitability and on the cash flows of the company.

Liquidity risk

The company finances its activities with a combination of bank loans, hire purchase contracts and cash deposits. Overdrafts are used to satisfy short-term cash flow requirements. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the company's operating activities.

The main risks associated with the company's financial assets and liabilities are set out below, as are the policies agreed by the board for their management.

Currency risk

The company does not trade outside the United Kingdom and is not exposed to any foreign currency risk.

Interest rate risk

The company pays floating rates of interest on its borrowings. The company's policy is to reduce its exposure to cash flow interest rate risk using an appropriate level of interest rate hedging instruments. As at 30 September 2015, hedging instruments were in existence providing effective hedging against borrowings with a notional value of £5,735,500 (30 September 2014: £5,735,500), which expire in November 2017.

Strategic report - continued

For the year ended 30 September 2015

Treasury policies (continued)

Credit risk

The company's objective is to reduce the risk of financial loss due to a counterparty's failure to honour its obligations. Standard payment terms for construction contracts provide for regular monthly payments against the full contract value. The creditworthiness of new customers is assessed by the company prior to entering into a contract with them. The company actively manages the collection of payments to ensure that they are received promptly and in accordance with agreed terms, thereby ensuring that the company's exposure to bad debts is minimised.

By order of the board

P M Byrom
Secretary

23 June 2016

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Directors' Report, the Strategic 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 of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 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.

Independent auditors' report

to the members of Watkin Jones & Son Limited

We have audited the financial statements of Watkin Jones & Son Limited for the year ended 30 September 2015 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 30. 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 auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2015 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 the information given in the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company's 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.

Ernst & Young LLP

Victoria Venning (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester

24 June 2016

Profit and loss account
for the year ended 30 September 2015

	Notes	*2015* *£'000*	*2014* *£'000*
Turnover			
Continuing operations		190,532	165,671
Discontinued operations		7,068	13,141
	1	197,600	178,812
Cost of sales		(162,381)	(147,666)
Gross profit		35,219	31,146
Administrative expenses		(9,788)	(9,236)
Distribution costs		(1,155)	(1,285)
Operating profit before exceptional charges	2	24,276	20,625
Provision against amounts owed by subsidiary undertakings	2	-	(2,956)
Provision against investments in subsidiary undertakings	2	(1,959)	(10,039)
Operating profit			
Continuing operations		23,877	7,768
Discontinued operations		(1,560)	(138)
		22,317	7,630
Income from shares in group and associated undertakings	5	8,034	8,836
Interest receivable and similar income	6	1,365	87
Interest payable and similar charges	7	(578)	(1,096)
Profit on ordinary activities before taxation		31,138	15,457
Tax on profit on ordinary activities	8	(4,823)	(2,636)
Profit retained for the financial year		26,315	12,821

Statement of total recognised gains and losses
for the year ended 30 September 2015

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £26,315,000 in the year ended 30 September 2015 (2014 : £12,821,000).

Balance sheet at 30 September 2015

	Notes	2015 £'000	2014 £'000
Fixed assets			
Tangible assets	9	2,085	2,380
Investments	10	7,471	6,443
		9,556	8,823
Current assets			
Development land	11	18,548	16,742
Stocks and work in progress	12	11,215	12,552
Debtors	13	119,582	112,301
Cash at bank		58,970	25,389
		208,315	166,984
Creditors: amounts falling due within one year	14	(109,461)	(87,800)
Net current assets		98,854	79,184
Total assets less current liabilities		108,410	88,007
Creditors: amounts falling due after more than one year	15	(190)	(4,552)
Provisions for liabilities and charges	17	(181)	(122)
Net assets		108,039	83,333
Capital and reserves			
Called up share capital	19	390	390
Share premium account	20	379	379
Profit and loss account	20	104,897	80,704
Other reserve	20	2,373	1,860
Equity shareholders' funds	20	108,039	83,333

The financial statements were approved for issue by the Board of Directors on 23 June 2016

M Watkin Jones
Director

Notes to the financial statements
at 30 September 2015

1. Accounting policies

Basis of preparation
The financial statements are prepared under the historical cost convention, and in accordance with applicable UK accounting standards.

These financial statements are prepared in respect of the company only, as Watkin Jones & Son Limited is exempt from preparing group accounts by virtue of being included in the consolidated financial statements of the ultimate parent company as at 30 September 2015, Watkin Jones Group Limited (see Note 30).

Going Concern
The financial statements have been prepared on a going concern basis.

Revenue recognition
Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Contract accounting
Profit is accounted for once the outcome of a contract can be assessed with reasonable certainty and is based on the appropriate stage of completion of the contract.

Costs incurred to carry out work on long-term contracts are matched with long-term contract work included in turnover. Where costs cannot be matched with contract work accounted for as turnover, such amounts are included in stock.

Full provision is made for losses on all contracts in the year in which they are first foreseen, irrespective of the amount of work carried out at the balance sheet date.

Amounts recoverable on contracts, which are included in debtors, are stated at cost less progress payments receivable plus an appropriate amount of profit in the case of long term contracts. For contracts where contract payments exceed the book value of work done, the excess is included in creditors as payments on account.

Sales of houses and apartments
Revenue is recognised upon legal completion.

Dividends
Income is recognised when the company's right to receive payment is established.

Turnover
Turnover is the total amount receivable by the company in the ordinary course of business for goods supplied as a principal and for services provided, excluding VAT and trade discounts. In the case of long term contracts, turnover reflects the contract activity of the year.

Turnover is wholly attributable to the company's continuing activity in the United Kingdom.

Cash flow statement
The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its ultimate parent publishes a consolidated cash flow statement.

Notes to the financial statements
at 30 September 2015

1. Accounting policies (continued)

Fixed assets
Fixed assets are stated at cost less provision for impairment.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value of each asset over its expected useful life, as follows:

Plant & Machinery	- Cranes	-	5% reducing balance
	- Other	-	20% reducing balance
Motor Vehicles		-	25% reducing balance

Investments
Investments held as fixed assets are shown at cost less provision for impairment.

Development land
Land purchased for development is stated at the lower of cost and net realisable value. Cost comprises all costs directly attributable to the acquisition and holding of the land purchased for development, including the purchase cost of the land, legal costs, attributable finance costs and the cost of bringing the land to its present condition at the balance sheet date. Finance costs cease to be capitalised against land which is not actively being prepared for development . Net realisable value is based on the estimated selling price of the completed development less further costs expected to be incurred to completion and disposal.

Stocks and work in progress
Stock and work in progress are stated at the lower of cost and net realisable value. Cost comprises all costs directly attributable to the purchasing and development of the property, including the acquisition of land and buildings, legal costs, attributable overheads, attributable finance costs and the cost of bringing developments to their present condition at the balance sheet date. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Taxation
Current tax, including UK corporation tax, is provided at amounts expected to be recovered (or paid) using tax rates and laws that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Retentions
Debtors include monies withheld by the principal in accordance with the terms of the contract.

Notes to the financial statements
at 30 September 2015

1. Accounting policies (continued)

Pensions
Pension costs charged against profit represent the amount of the contributions payable to the scheme in respect of the accounting period.

Finance lease agreements
Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the Profit and Loss Account at a constant rate of charge on the balance of capital repayments outstanding, and the capital element which reduces the outstanding obligation for future instalments.

Operating lease agreements
Rentals payable under operating leases are charged in the Profit and Loss Account on a straight line basis over the lease term.

Interest rate swaps
The company's criteria for interest rate swaps are:

- the instrument must be related to an asset or liability; and
- it must change the character of the interest rate by converting a variable rate to a fixed rate or vice versa.

Interest differentials are recognised by accruing with net interest payable. Interest rate swaps are not revalued to fair value or shown on the company's balance sheet at the year end. If they are terminated early, the gain/loss is spread over the remaining maturity of the original instrument.

Employee benefits – long term incentive schemes
The cost of long term incentive schemes is measured at the grant date, taking into account the terms attaching to the awards, and at each balance sheet date thereafter until the awards are settled. During the vesting period a charge to the profit and loss account is made equal to the cost of the awards for the year, taking into account the portion of the vesting period expired at the balance sheet date, and a capital contribution from the ultimate parent company is recorded in the Balance Sheet as a Reserve.

Notes to the financial statements
at 30 September 2015

2. Operating profit

This is stated after charging/(crediting):	*2015* *£'000*	*2014* *£'000*
Auditors' remuneration		
audit services	115	104
other services	-	-
Depreciation of owned assets	123	140
Depreciation of assets held under finance leases	142	157
(Profit)/Loss on disposal of fixed assets	(40)	69
Operating lease rentals		
Buildings	97	107
Motor vehicles	829	611
Provisions against amounts owed by subsidiary undertakings	-	2,956
Provisions against investments in subsidiary undertakings (note 10)	1,959	10,039

Provisions against investments in subsidiary undertakings
The directors have considered the recoverability of amounts invested in subsidiary undertakings and have made an impairment provision against these amounts where it is considered that they will not be recovered.

3. Staff costs

	2015 *£'000*	*2014* *£'000*
Wages and salaries	13,532	12,411
Social security costs	1,585	1,375
Other pension costs	355	250
	15,472	14,036

Included in wages and salaries is a charge in respect of cash settled share based payment transactions of £513,000 (2014: £273,000).

Monthly average number of employees:

	2015 *No.*	*2014* *No.*
Involved in construction	271	243
Administration	82	73
	353	316

Notes to the financial statements
at 30 September 2015

4. Directors' emoluments

	2015	*2014*
	£'000	*£'000*
Emoluments	2,100	2,376
Company pension contributions paid	111	88

	2015	*2014*
	No.	*No.*
Members of money purchase pension schemes	9	9

The amounts in respect of the highest paid director are as follows:

	2015	*2014*
	£'000	*£'000*
Emoluments	409	543
Company pension contributions paid	-	50

5. Income from shares in group and associated undertakings

	2015	*2014*
	£'000	*£'000*
Dividends receivable from group undertakings	6,734	8,795
Dividends receivable from associated undertakings	1,300	41
	8,034	8,836

6. Interest receivable and similar income

	2015	*2014*
	£'000	*£'000*
Bank interest receivable	1,365	87

7. Interest payable and similar charges

	2015	*2014*
	£'000	*£'000*
Bank loans and overdrafts	538	831
Finance charges payable under finance leases	32	17
Other interest payable	8	248
	578	1,096

Notes to the financial statements
at 30 September 2015

8. Taxation

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2015 *£'000*	*2014* *£'000*
Current tax:		
UK corporation tax	5,356	2,712
Adjustment in respect of previous periods	(510)	(22)
Total current tax (note 8 (b))	4,846	2,690
Deferred tax:		
Origination and reversal of timing differences	(99)	(51)
Adjustments in respect of prior period	-	(3)
Impact of change in tax rate	76	-
Total deferred tax	(23)	(54)
Tax on profit on ordinary activities	4,823	2,636

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is lower than (2014: lower than) the standard rate of corporation tax in the UK. The differences are reconciled below:

	2015 *£'000*	*2014* *£'000*
Profit on ordinary activities before taxation	31,138	15,457
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.5 % (2014: 22%)	6,383	3,400
Capital allowances in excess of depreciation	(5)	(5)
Other timing differences	104	60
Permanent differences	20	11
Group relief claimed	-	(1,770)
Dividends received from subsidiary and associated companies not taxable	(1,647)	(1,944)
Provisions against amounts owed by subsidiary companies not taxable	-	650
Provisions against investments in subsidiaries not taxable	402	2,209
Transfer pricing adjustment	99	101
Adjustments in respect of previous periods	(510)	(22)
Total current tax (note 8 (a))	4,846	2,690

Notes to the financial statements
at 30 September 2015

8. Taxation (continued)

(c) Deferred taxation

	2015	*2014*
	£'000	*£'000*
At 1 October 2014	271	217
Profit and loss account – credit	23	54
At 30 September 2015	294	271

The deferred taxation balance consists of:

	2015	*2014*
	£'000	*£'000*
Deferred tax asset –		
Short term timing differences (note 13)	475	393
Deferred tax provision –		
Accelerated capital allowances (note 17)	(181)	(122)

9. Tangible fixed assets

	Plant & Machinery	*Motor Vehicles*	*Total*
	£'000	*£'000*	*£'000*
Cost:			
At 1 October 2014	4,179	528	4,707
Additions	-	-	-
Disposals	(2)	(244)	(246)
At 30 September 2015	4,177	284	4,461
Depreciation:			
At 1 October 2014	1,926	401	2,327
Provided during the year	225	40	265
Disposals	-	(216)	(216)
At 30 September 2015	2,151	225	2,376
Net book value:			
At 30 September 2015	2,026	59	2,085
At 1 October 2014	2,253	127	2,380

The net book value of assets above includes an amount of £910,000 (2014: £1,176,000) in respect of assets held under finance leases.

Notes to the financial statements
at 30 September 2015

10. Investments

	Subsidiary undertakings	*Joint ventures*	*Other investments (unlisted)*	*Total*
	£'000	*£'000*	*£'000*	*£'000*
Cost:				
At 1 October 2014	-	5,845	598	6,443
Additions		650	378	1,028
Transfer from amounts owed by group undertakings (note 10 (a))	1,959	-	-	1,959
Provision against carrying value of investments in subsidiary undertakings (note 10 (a))	(1,959)	-	-	(1,959)
At 30 September 2015	-	6,495	976	7,471

(a) Subsidiary undertakings

At 30 September 2015, the company held the entire share capital of the following subsidiary undertakings:

Name	*Class of shares*	*Nature of business*
Newmark Developments Limited	Ordinary	Holding company and property development services
Anderson Wharf (Student) Limited	Ordinary	Property developer
Belle Vue Leeds Limited #	Ordinary	Property developer
Blackhorse Lane Student Limited	Ordinary	Property developer
Bridge Street Student Limited #	Ordinary	Property developer
Brougham Hayes Limited	Ordinary	Property developer
Christchurch Road Bournemouth Limited	Ordinary	Property developer
Coralblend Limited	Ordinary	Property developer
Customhouse Student Limited #	Ordinary	Property developer
Dunaskin Student Limited	Ordinary	Property developer
Duncan House Developments Limited #	Ordinary	Property developer
Extralap Limited (*)	Ordinary	Property developer
Goldcharm Limited	Ordinary	Property developer
Goldcharm Residential Limited #	Ordinary	Property developer
Gorse Stacks Development Limited (*)	Ordinary	Property developer
Heol Santes Helen Limited	Ordinary	Property developer
Holdenhurst Road Bournemouth Limited #	Ordinary	Property developer
Hunter Street Chester Limited #	Ordinary	Property developer
Logie Green Developments Limited	Ordinary	Property developer
Megaleague Limited	Ordinary	Property developer
New Bridewell Limited	Ordinary	Property developer
New Century House Bournemouth Limited	Ordinary	Property developer
North Hanover Street Student Limited #	Ordinary	Property developer
Old Dumbarton Road Limited	Ordinary	Property developer
Onega Centre Bath Limited #	Ordinary	Property developer
Oxford House Bournemouth Limited	Ordinary	Property developer
Quarter House Studios Limited	Ordinary	Property developer
Spiritbond Stockwell Green Limited #	Ordinary	Property developer

Notes to the financial statements
at 30 September 2015

10. Investments (continued)

(a) Subsidiary undertakings (continued)

Stylegood Limited	Ordinary	Property developer
Suffolk Road Student Limited #	Ordinary	Property developer
Superscheme Limited	Ordinary	Property developer
Supertry Limited	Ordinary	Property developer
Tableward Limited	Ordinary	Property developer
Watkin Jones (Sheffield 1) Limited	Ordinary	Property developer
Watkin Jones Bournemouth Student Limited (***)	Ordinary	Property developer
Watkin Jones Liverpool Student Limited #	Ordinary	Property developer
WJ Developments (Residential) Limited (*)	Ordinary	Property developer
Watkin Jones AM Limited	Ordinary	Property Fund Asset Manager
Saxonhenge Limited	Ordinary	Aeroplane management
Darley Student Accommodation Limited (**)	Ordinary	Property letting
DR (Student) Limited	Ordinary	Holding company
Finefashion Limited	Ordinary	Property letting
Polarpeak Limited	Ordinary	Property letting
Qualityoffer Limited	Ordinary	Property letting
Nicelook Limited	Ordinary	Property letting
Scarlet P Limited	Ordinary	Property letting
Swiftmatch Limited	Ordinary	Property letting
Wisedeed Limited	Ordinary	Property letting
Amber 9 Limited	Ordinary	Dormant
Baybreeze Limited	Ordinary	Dormant
Broadsale Limited	Ordinary	Dormant
Dizzy 9 Limited	Ordinary	Dormant
Extraneat Limited	Ordinary	Dormant
Fairleague Limited	Ordinary	Dormant
LNE (Kingston) Limited	Ordinary	Dormant
Marblelodge Limited	Ordinary	Dormant
Megascheme Limited	Ordinary	Dormant
New Bridewell 1 Limited	Ordinary	Dormant
New Bridewell 2 Limited	Ordinary	Dormant
Manana Manana Limited	Ordinary	Dormant
Newcastle Student Limited	Ordinary	Dormant
Oxford Student Limited	Ordinary	Dormant
Ruby 99 Limited	Ordinary	Dormant
Sugarhouse Close Student Limited	Ordinary	Dormant
Top Laser Limited (*)	Ordinary	Dormant
Urbancloud Limited	Ordinary	Dormant
Vitalshift Limited (*)	Ordinary	Dormant
Watkin Jones (Leicester 1) Limited	Ordinary	Dormant
Whitechapel Student Limited	Ordinary	Dormant

Acquired during the year

All subsidiary companies are directly owned by the company, except (*) which are owned by Newmark Developments Limited, (**) which is owned by DR (Student) Limited and (***) which is owned by Old Dumbarton Road Limited.

During the year the company acquired the remaining 50% of the issued share capital of Spiritbond Stockwell Green Limited not already owned by it for a consideration of £60, being the nominal value of the shares acquired.

Notes to the financial statements
at 30 September 2015

10. Investments (continued)

During the year the directors decided to recapitalise the balance sheet of one (2014: a number of) subsidiary undertakings which had net deficits by way of capital contributions. Balances previously reported as amounts owed by group undertakings amounting to £1,959,000 (2014: £10,039,000) have been transferred to investments in subsidiary undertakings to reflect the capital contributions made. The directors have then assessed whether these balances will be realised and have made an impairment provision against them for their full amount.

(b) Joint ventures

At 30 September 2015 the company held joint venture interests in the following companies:

Name	*Class of shares*	*Percentage share capital held*	*Financial Year End*	*Activity*
Athena Hall (Jersey) Limited	Ordinary	100%	30 September	Property letting
Central Retail Limited	Ordinary	50%	31 March	Dormant
Deiniol Developments Limited	Ordinary	50%	30 September	Property development
Gorse Stacks Rufus Limited ##	Ordinary	50%	30 June	Property development
Rufus Estates Limited *	Ordinary	50%	30 June	Property development
Lacuna Belfast Limited	Ordinary	50%	30 April	Property development
Lacuna Dublin Road Limited #	Ordinary	50%	30 June	Property development
Lacuna Edinburgh Limited ###	Ordinary	50%	31 March	Dormant
Lacuna Hanwell Limited	Ordinary	50%	30 June	Dormant
Lacuna WJ Limited #	Ordinary	50%	28 February	Property development
Spiritbond Finsbury Park Limited	Ordinary	50%	30 September	Property development
Spiritbond Elephant & Castle Limited	Ordinary	50%	30 September	Property development
Freshers PBSH Chester(General Partner) Limited	Ordinary	50%	30 September	Property Fund General Partner
Freshers PBSH (General Partner) Limited	Ordinary	50%	30 September	Dormant

* Interest held by Newmark Developments Limited.
\# Incorporated during the year
\## In the process of being struck off
\### In members voluntary liquidation

Athena Hall (Jersey) Limited has been accounted for as a joint venture in which the company has a 50% commercial interest, as in the opinion of the Directors this properly reflects the substance of the co-investment agreements entered into between Watkin Jones & Son Limited and the other party to the joint venture.
Athena Hall (Jersey) Limited owns 100% of the issued share capital of Ipswich Student Limited, which in turn owns 100% of the issued share capital of Smoothsale Limited. Both Ipswich Student Limited and Smoothsale Limited are dormant.
The company's share of the aggregate net assets of the joint ventures is £7,220,000 (2014: £8,694,000).

Notes to the financial statements
at 30 September 2015

10. Investments (continued)

(c) Other investments

	Other Investments (unlisted) £'000
Units held in Unit Trust at cost:	
At 30 September 2014	598
Additions	378
At 30 September 2015	976

The Units held in Unit Trust comprise Units held in the Curlew Student Trust, a Guernsey registered unitised fund established to invest in Student Accommodation ("the Fund"). The company has agreed to invest a total of £2,000,000 in the Fund, as part of an agreement to develop three student accommodation properties for the Fund. The investment is being made in three tranches following the completion of each of the properties. At 30 September 2015, the company held 901,089 Units in the Fund at a cost of £1.08358 per Unit. The price of a Unit at the most recent valuation point of 31 August 2015 was £1.2974783.

11. Development land

	2015 £'000	*2014 £'000*
Development land	18,548	16,742

12. Stocks and Work in progress

	2015 £'000	*2014 £'000*
Stocks and work in progress	11,215	12,552

13. Debtors

	2015 £'000	*2014 £'000*
Amounts recoverable on contracts	11,418	15,913
Trade debtors	8,219	3,450
Amounts owed by group undertakings	96,430	90,226
Amounts owed by related parties (note 28)	26	-
Amounts owed by joint ventures (note 28)	2,346	1,521
Unpaid share capital	469	469
Other debtors	176	309
Prepayments and accrued income	23	20
Deferred tax	475	393
	119,582	112,301

Notes to the financial statements
at 30 September 2015

14. Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Obligations under finance leases (note 18)	348	393
Trade creditors	50,887	42,707
Amounts owed to group undertakings	26,858	18,724
Amounts owed to related parties (note 28)	194	-
Amounts owed to joint ventures (note 28)	732	2,661
Corporation tax	5,183	3,054
Other taxation and social security	4,979	634
Other creditors	16,260	16,557
Accruals and deferred income	4,020	3,070
	109,461	87,800

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

	2015 £'000	2014 £'000
Bank loans (note 16)	-	4,014
Obligations under finance leases (note 18)	190	538
	190	4,552

16. Bank loans

	2015 £'000	2014 £'000
Amounts falling due:		
In one year or less or on demand	-	-
In one to two years	-	-
In two to five years	-	4,014
	-	4,014
Wholly repayable within five years:		
Bank loans	-	4,014
	-	4,014
Less: Included in creditors due within one year	-	-
	-	4,014

The bank loans were secured by legal charges over development land and work in progress.

Notes to the financial statements
at 30 September 2015

17. Provisions for liabilities and charges

	Deferred tax *£'000*
At 1 October 2014	122
Charged in the year	59
At 30 September 2015	181

18. Obligations under finance leases

The maturity of these amounts is as follows:

	2015 *£'000*	*2014* *£'000*
Repayable within one year (note 14)	348	393
Repayable between two to five years (note 15)	190	538
	538	931

19. Share capital

Allotted:	*No.*	*2015* *£'000*	*No.*	*2014* *£'000*
Ordinary Shares of £1 each (fully paid)	300,000	300	300,000	300
A1 Shares of £1 each (unpaid)	60,000	60	60,000	60
B Shares of £1 each (unpaid)	30,000	30	30,000	30
C Shares of 1pence each (fully paid)	42,000	-	-	-
		390		390

The A1 Shares, B Shares and C Shares have been issued to certain senior employees of the company.

The A1 Shares are growth Shares as explained in Note 25.

The C Shares were issued on 24 August 2015 under an Employee Shareholder Status ("ESS") Scheme as explained in Note 25.

The Ordinary Shares, A1 Shares and B Shares carry one vote per share on a poll. The C Shares do not carry any voting rights.

A holder of C Shares may require the company to purchase the C Shares held by them at any time for an aggregate price of £2,000.

The B Shares carry a right to a dividend of 2% above the bank base rate on the nominal value of each share. The B Shares do not otherwise qualify for a dividend. Subject to the above payment rights on the C Shares, upon a distribution of capital, the holders of the B Shares are entitled to an amount equal to all unpaid arrears and accruals of the B Share dividend and the nominal value of each B Share in priority to any distribution on any other shares.

Notes to the financial statements
at 30 September 2015

19. Share capital (continued)

The Ordinary Shares are entitled to receive a dividend of £7 per share in any financial year, commencing in the year ending 30 September 2014, and adjusted for the increase in the retail price index for each year thereafter. Subject to the above priority dividends payable on the B Shares and the Ordinary Shares, the A1 Shares and the Ordinary Shares shall rank pari-passu with regard to their entitlement to dividends, except that no dividend may be paid on the A1 Shares out of the retained profits of the company as shown in the company's financial statements for the financial year ended immediately prior to the date of issue of such a share. For this purpose, dividends are to be paid out of the most recently earned profits of the company first.

Subject to the rights of the B Shares and the C Shares, on a return of capital the holders of the A1 Shares are entitled to an amount equal to 0.00025% for each A1 Share held of the lower of the amount by which the realisation value, on a sale or winding up, and the consolidated net asset value of the company exceeds the amount of £80,000,000.

Subject to the rights of the B Shares, the C Shares and the A1 Shares, upon a distribution of capital, the holders of the Ordinary Shares are entitled to the balance of the realisation value remaining.

20. Reconciliation of shareholders' funds and movement on reserves

	Share capital £'000	*Share premium account £'000*	*Profit and loss account £'000*	*Other reserve £'000*	*Total share-holders' funds £'000*
At 30 September 2013	250	-	84,983	1,587	86,820
Profit for the year	-	-	12,821	-	12,821
Capital contribution from ultimate parent	-	-	-	273	273
Shares issued in the year	140	379	-	-	519
Dividends (note 21)	-	-	(17,100)	-	(17,100)
At 30 September 2014	390	379	80,704	1,860	83,333
Profit for the year	-	-	26,315	-	26,315
Capital contribution from ultimate parent	-	-	-	513	513
Dividends (note 21)	-	-	(2,122)	-	(2,122)
At 30 September 2015	390	379	104,897	2,373	108,039

The Other reserve is capital contributions from the ultimate parent company in respect of the cash settled employee incentive schemes.

Notes to the financial statements
at 30 September 2015

21. Dividends

	2015 *£'000*	*2014* *£'000*
Dividends on equity capital	2,122	17,100

The dividends per share were as follows:-

	2015	*2014*
Dividends paid on Ordinary Shares:		
- on 16 May 2014	-	£60.00
- on 12 September 2014	-	£7.00
- on 1 September 2015	£7.07	-
Dividends paid on B Shares	2.5p	0.9p

22. Commitments under operating leases

Annual commitments under non-cancellable operating leases are as set out below:

Group	*2015*		*2014*	
	Land and Buildings *£'000*	*Other* *£'000*	*Land and Buildings* *£'000*	*Other* *£'000*
Operating leases which expire:				
Within one year	97	-	22	-
In two to five years	-	829	85	310
In over five years	304	-	274	-
	478	829	381	310

23. Contingent liabilities

The company has contingent liabilities of £605,000 (2014: £1,858,000) in respect of performance bonds entered into with HCC International Plc, Euler Hermes Europe S.A. (N.V.), Aviva Insurance UK Limited and the Electrical Contractors' Insurance Company Limited.

The company has given a debenture containing a fixed and floating charge and has entered into a corporate guarantee of the group's bank borrowings from HSBC Bank Plc, which at the balance sheet date amounted to £Nil (2014: £4,014,000).

The company has also given a guarantee in respect of the borrowings of Saxonhenge Limited, a subsidiary undertaking, from Lombard North Central Plc which amounted to £1,861,000 (2014: £2,063,000) at the balance sheet date. The guarantee is limited to £2,500,000.

The directors are of the opinion that no material financial liabilities will arise in relation to the above.

Notes to the financial statements
at 30 September 2015

24. Pensions

The company operates a defined contribution group personal pension plan scheme for the benefit of the employees and certain directors. The assets of the scheme are administered in a fund independent from those of the company. Contributions during the year amounted to £355,000 (2014: £250,000). There are no unpaid contributions at 30 September 2015 (2014: £Nil).

The company also operates a small defined contribution scheme for the benefit of certain directors and former employees. This scheme is closed to new entrants. The assets of the scheme are administered by trustees in a fund independent from those of the company. Contributions in the year amounted to £Nil (2014: £Nil). No amounts remained unpaid at 30 September 2015 (2014: £Nil).

In addition the company operates a small self-administered pension scheme for the benefit of certain directors. The assets of the scheme are administered by trustees who include G Watkin Jones and M Watkin Jones, who are directors/former directors of the company. The scheme is subject to actuarial review on a triennial basis. The benefits provided by the scheme are limited to its available assets. Contributions to the scheme in the year amounted to £50,000 (2014: £50,000). No amounts remained unpaid at 30 September 2015 (2014: £Nil).

25. Employee benefits – long term incentive schemes

Options over G shares in the ultimate parent company
Options over G shares in the ultimate parent company have been granted to certain senior employees of the company on a discretionary basis. The exercise price of the options is £1. The options may be settled in cash at the request of the employee or the company when the employee reaches their 60th birthday, or earlier if the employee is a good leaver or on certain other realisation events. As the scheme is cash settled and the payment is not dependent on the value of the parent company's shares, then the scheme is accounted for as a long term incentive scheme.

At 30 September 2015, 62,500 options were in issue (2014 – 62,500). Options over 37,500 G shares were exercised in October 2015 by a senior employee who retired at the end of September 2015 and these options were cash settled by the company for a consideration of £1,512,804.

The remaining options were exercised on 23 March 2016 on the admission to AIM of Watkin Jones plc, which acquired all of the shares in Watkin Jones Group Limited, the company's then ultimate parent undertaking, on 15 March 2016. These options were cash settled by the company for a consideration of £1,800,000.

Growth share plan - A1 shares
Shares have been issued in the company to certain senior employees on a discretionary basis. The shares may be bought in cash by Watkin Jones Holdings Limited, the company's immediate parent undertaking, at the request of the employee or Watkin Jones Holdings Limited, when the employee reaches their 60th birthday or if earlier if the employee is a good leaver or on certain other realisation events. The price at which the shares may be bought is a fixed percentage based on the amount by which the consolidated net assets of the company at that time exceed a growth hurdle. As the scheme is cash settled and the payment is not dependent on the value of the parent company's shares, then the scheme is accounted for as a long term incentive scheme. The number of shares issued, the subscription price and the growth hurdle attaching to those shares is as follows:

Class of share	*Subscription price per share*	*Growth hurdle*	*At 1 October 2014 No.*	*Issued in the year No.*	*At 30 September 2015 No.*
A1 Shares	£7.32	£80.0m	60,000	60,000	60,000

Notes to the financial statements
at 30 September 2015

25. Employee benefits – long term incentive schemes (continued)

12,000 A1 shares were acquired for a consideration of £689,196 by Watkin Jones Holdings Limited in October 2015 from the senior employee who retired at the end of September 2015.

The remaining A1 Shares were acquired by Watkin Jones Holdings Limited on 23 March 2016 on the admission to AIM of Watkin Jones plc. The consideration paid for the A1 Shares was £4,020,000.

Employee Share Scheme – C Shares

During the year, 42,000 C Shares were issued in the company to certain senior employees under the rules of an Employee Share Status ("ESS") scheme. Under the rules of the scheme, a shareholder has the right to require the company to purchase their shares at any time for an aggregate price of £2,000. The shares may also be bought in cash by Watkin Jones Holdings Limited at the request of the employee or Watkin Jones Holdings Limited, on certain realisation events, namely a sale, listing or winding up of the company or any parent company thereof. Under these circumstances, the price at which the shares may be bought by Watkin Jones Holdings Limited is a fixed percentage based on the amount by which the realisation value exceeds a growth hurdle of £116.0m. As the scheme is cash settled and the payment is not dependent on the value of the company's shares, then the scheme is accounted for as a long term incentive scheme.

Watkin Jones Holdings Limited acquired all the C Shares in issue on 23 March 2016 on the admission to AIM of Watkin Jones plc. The consideration paid for the C Shares was £15,645,000.

Accounting for the growth share plan and the ESS scheme is carried out by Watkin Jones Holdings Limited, as those awards will be cash settled by that company.

26. Capital commitments

There were no capital commitments for the company at 30 September 2015 or 30 September 2014.

27. Derivatives

The company holds interest rate swaps to manage interest rate risk volatility. The fair value of the derivatives held at the balance sheet date, determined by reference to their market value, was a liability of £47,000 (2014: asset of £52,000).

28. Related party transactions

The company processed payroll costs on behalf of the Carlton (North Wales) Limited and its subsidiary companies of £637,000 (2014: £549,000). The amount owed to Carlton (North Wales) Limited and its subsidiary companies at the balance sheet date was £89,000 (2014: £Nil).

The company provided construction services to Planehouse Limited amounting to £316,000 (2014: £Nil) and paid rent and service charges to Planehouse Limited and its subsidiary companies amounting to £316,000 (2014: £316,000) and processed payroll costs on behalf of the company of £14,000 (2014 :£Nil). The amount owed to Planehouse Limited and its subsidiaries at the balance sheet date was £2,000 (2014 :£Nil).

The company processed payroll costs on behalf of Fresh Student Living Limited of £3,076,000 (2014: £1,976,000) and received loans of £Nil (2014: £5,100,000) from Fresh Student Living Limited to assist with its property development activities. All loans were repaid in the year. The amount owed to Fresh Student Living Limited at the balance sheet date was £192,000 (2014: £Nil). The company acquired all of the issued shares in Fresh Student Living Limited subsequent to the year end (Note 29).

Notes to the financial statements
at 30 September 2015

28. Related party transactions (continued)

Carlton (North Wales) Limited, Planehouse Limited and Fresh Student Living Limited are controlled by the shareholders in the company's ultimate parent company as at 30 September 2015, Watkin Jones Group Limited.

During the year the company sold residential properties to Glyn Watkin Jones for £145,000 (2014: £343,000).

The company provided services to the Watkin Jones & Son Limited Directors' Pension Scheme amounting to £16,000 (2014: £34,000).

As referred to in Note 10, the company has invested £976,000 (2014:£598,000) in Units in the Curlew Student Fund ("the Fund"), a Guernsey registered unitised fund established to invest in student accommodation. The company has contracted to invest a total of £2,000,000 in the Fund as part of an agreement to develop three student accommodation properties for the Fund. During the year, the company and its subsidiary undertakings sold properties to and provided construction services to the Fund amounting in total to £45,191,000 (2014: £49,766,000).

Under a joint agreement the company was owed £673,000 at 30 September 2015 by Deiniol Developments Limited (2014: £683,000). The company owes 50% of the share capital in Deiniol Developments Limited.

Under a joint venture agreement the company received a dividend of £Nil (2014: £40,500) from Gorse Stacks Rufus Limited. At the balance sheet date £2,000 was owed to Gorse Stacks Rufus Limited by the company (2014: £Nil). The company owns 50% of the share capital in Gorse Stacks Rufus Limited.

Under a joint venture agreement the company received a management fee of £5,000 (2014: £7,600) from Rufus Estates Limited. At the balance sheet date £13,000 was owed to Rufus Estates Limited (2014: £7,000). The company's subsidiary undertaking, Newmark Developments Limited, owns 50% of the shares in Rufus Estates Limited.

At the balance sheet date £56,000 was owed by the company to Lacuna Edinburgh Limited (2014: £1,564,000). During the year a distribution of £1,300,000 was made by Lacuna Edinburgh Limited to the company. The company owns 50% of the share capital in Lacuna Edinburgh Limited. Lacuna Edinburgh is in Members Voluntary Liquidation.

The company has a 50% interest in Lacuna Belfast Limited. The company made payments of £262,000 to Lacuna Belfast Limited (2014:£868,000) to assist with the funding of its development activities and has received a management fee of £100,000 (2014:£Nil). The company also received £1,880,000 from Lacuna Belfast Limited (2014:£Nil) following the sale of land held by the company. At the balance sheet date £660,000 was owed to Lacuna Belfast Limited (2014 : £868,000 owed by Lacuna Belfast Limited).

The company has a 50% interest in Lacuna Dublin Road Limited, a company incorporated during the year. The company has made payments of £475,000 to Lacuna Dublin Road Limited to enable it to acquire a property for future development and to assist with its development activities. At the balance sheet date £475,000 was owed by Lacuna Dublin Road Limited.

The company has a 50% interest in Lacuna WJ Limited, a company incorporated during the year. The company has made payments of £1,170,000 to Lacuna WJ Limited to enable it to acquire a property for future development and to assist with its development activities. At the balance sheet date £1,170,000 was owed by Lacuna WJ Limited.

Notes to the financial statements
at 30 September 2015

28. Related party transactions (continued)

The company has a 50% interest in Spiritbond Finsbury Park Limited and during the year the company provided construction services to Spiritbond Finsbury Park Limited amounting to £134,000 (2014: £4,933,000) and charged management and development fees of 6,533,000 (2014 : £870,000). As at the balance sheet date no amount was owed to or from Spiritbond Finsbury Park Limited.

The company has a 50% interest in Spiritbond Elephant & Castle Limited and during the year provided construction services to the company amounting to £6,567,000 (2014: £3,624,000), and charged management and development fees of £1,428,000 (2014: £175,000) . At the balance sheet date no amount was owed to or from Spiritbond Elephant & Castle.

All transactions with related parties have been carried out on an arm's length basis.

The company has taken advantage of the exemption provided under FRS 8.3c "Related Party Transactions" and transactions between the company and other group undertakings have not been disclosed in the accounts.

29. Post balance sheet events

On 25 February 2016, a newly incorporated subsidiary undertaking of the company, Founded Living Limited, acquired the shares in Fresh Student Living Limited ("Fresh") held by Mark Watkin Jones and Glyn Watkin Jones, representing 77.48% of the issued shares in Fresh, for a consideration of £11,835,512. On the same date Founded Living Limited entered into contracts to acquire the remaining issued shares in Fresh, which were held by various senior managers of Fresh, for a consideration of £3,164,488, conditional on the admission to AIM of Watkin Jones plc. These conditional contracts completed on 23 March 2016. The total consideration paid for the shares in Fresh was therefore £15,000,000.

30. Ultimate parent company and controlling party

The company's immediate parent company is Watkin Jones Holdings Limited, which as at 30 September 2015, held all of the Ordinary Shares in the company, representing 76.92% (2014: 76.92%) of the voting rights in the company.

Watkin Jones plc acquired the entire issued share capital of Watkin Jones Group Limited on 15 March 2016 and became the ultimate parent company with effect from that date. Watkin Jones plc was admitted to AIM on 23 March 2016.

The smallest and largest group of undertakings in which the company is consolidated at 30 September 2015 is Watkin Jones Group Limited. Copies of its group accounts, which include the company, are available from its registered office: Units 21-22, Llandygai Industrial Estate, Bangor, Gwynedd, LL57 4YH.