

Company Registration No. 02590519 (England and Wales)

**ABBEYMILL HOMES LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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# ABBEYMILL HOMES LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	J Pacifici P A Pacifici L A Hagan
<b>Secretary</b>	L A Hagan
<b>Company number</b>	02590519
<b>Registered office</b>	Market House Silver End Olney Buckinghamshire MK46 4AL
<b>Auditor</b>	Mercer & Hole 420 Silbury Boulevard Central Milton Keynes Buckinghamshire MK9 2AF

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# **ABBEYMILL HOMES LIMITED**

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# ABBEYMILL HOMES LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 MARCH 2020

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The directors present their strategic report and the audited financial statements of the Company for the year ended 31 March 2020.

#### **Fair review of the business**

Abbeymill Homes Limited is a residential property developer and promotes strategic land for development in the Buckinghamshire, Northamptonshire and Oxfordshire areas. Our Website is [www.abbeymillhomes.co.uk](http://www.abbeymillhomes.co.uk).

The directors are pleased to report that 2020 was another successful year, during which the Company sold 84 new homes. The Company has been able to continue this success through its success with Strategic Land Activities, which continue to provide a 'pipeline' of land for current and medium or longer term development opportunities.

Abbeymill Homes Limited is registered for the Government's 'Help to Buy' scheme which has continued into the new financial year, helping to maintain demand for our New Homes offering.

We are very pleased to report a profit before taxation for the year of £827,515. The directors are very proud of the company's longstanding reputation for completing developments of the highest quality.

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

The principal risks facing the company are the availability of suitable development land, planning legislation and obtaining suitable planning permissions, the supply of suitable materials and skilled labour, together with the availability of funding for house purchasers. There are additional uncertainties at present given COVID-19.

#### COVID-19

COVID-19 is a significant area of uncertainty for businesses across UK industry as a whole, including property construction. The main uncertainty arises from both the UK government's response to the pandemic and consumer demand and availability of private lending.

Following the initial UK lockdown in April 2020, the UK government has kept industries such as construction open. Whilst property construction and sales could be halted again in response to a scenario where UK virus case numbers increase significantly, it is not anticipated that this scenario will arise given the current lockdown guidance and the vaccination regime.

Additionally, house prices and demand have proved strong since the end of the first UK lockdown and the range of mortgages available are beginning to increase after some initial restrictions to the range of products at the onset of the pandemic. Whilst there are some uncertainties as to how the market will respond throughout 2021, the outlook looks generally stable.

Additionally the Directors have given due consideration to the potential scenarios that may arise and they are confident that the company has the resources necessary to mitigate any challenges the business may face in relation to COVID-19.

#### Liquidity and Cash flow

Trading performance and cash flow forecasting are closely monitored within the company. The Directors are pleased to report that our review of cash flow and reserves in the short, medium and long term indicate sufficient liquidity for its foreseeable requirements.

#### Health and Safety

Health and safety compliance is core to the operations of the company and its business principles. ~~The company has continued the development of its formal health and safety management systems during the year to reflect the growth of the business and keep up to date with regulatory requirements.~~

# ABBEYMILL HOMES LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2020**

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### **Development and performance**

The directors are satisfied with the results for the year. Since the company operates from a sound financial position they are encouraged by future prospects and look forward to the 2021 financial year.

The directors do not anticipate that there will be any fundamental change in the development of the company's business during the coming year. The company will continue to invest in its business infrastructure and people to ensure that any risks and uncertainties are managed effectively.

### **Key performance indicators**

The Company monitors its performance, in particular the movement in sales rate per site, construction activity, active sites, unsold plots, payroll, sales incentives and sales rate per square foot.

In the year to 31 March 2020, the UK Housing market remained resilient with house prices in England showing an increase of almost 3%. Although general economic conditions remain somewhat uncertain as a result of the vote to leave the EU and impact of COVID-19, the new homes market remains robust but cautious.

On behalf of the board



J Pacifici

Director

29th January 2021

# **ABBEYMILL HOMES LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 MARCH 2020**

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The directors present their annual report and financial statements for the year ended 31 March 2020.

#### **Principal activities**

The principal activity of the company in the year under review was the construction of residential properties.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J Pacifici  
P A Pacifici  
L A Hagan

#### **Results and dividends**

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £521,875. The directors do not recommend payment of a final dividend.

#### **Auditor**

Mercer & Hole were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the annual 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 period. In preparing these 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;
- 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.

# **ABBEYMILL HOMES LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2020**

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### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



.....  
J Pacifici  
Director

Date: 29/01/21 .....

# ABBEYMILL HOMES LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBER OF ABBEYMILL HOMES LIMITED

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#### Opinion

We have audited the financial statements of Abbeymill Homes Limited (the 'company') for the year ended 31 March 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### Conclusions relating to going concern

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

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

#### Other information

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

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

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We have nothing to report in this regard.

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#### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.



# ABBEYMILL HOMES LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBER OF ABBEYMILL HOMES LIMITED

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report 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.

#### Responsibilities of directors

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

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

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

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

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

#### Use of our report

This report is made solely to the company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

*Mercer & Hole*

Philip Fenn ACA FCCA (Senior Statutory Auditor)  
for and on behalf of Mercer & Hole

29th January 2021

Chartered Accountants  
Statutory Auditor

420 Silbury Boulevard  
Central Milton Keynes  
Buckinghamshire  
MK9 2AF

# **ABBEYMILL HOMES LIMITED**

## **STATEMENT OF COMPREHENSIVE INCOME** **FOR THE YEAR ENDED 31 MARCH 2020**

		2020	2019
	Notes	£	as restated £
Turnover		16,926,554	23,714,510
Cost of sales		(15,132,911)	(21,503,684)
<b>Gross profit</b>		<b>1,793,643</b>	<b>2,210,826</b>
Administrative expenses		(805,346)	(1,077,757)
<b>Operating profit</b>	<b>3</b>	<b>988,297</b>	<b>1,133,069</b>
Interest receivable and similar income	<b>6</b>	14,714	15,742
Interest payable and similar expenses	<b>7</b>	(175,496)	(136,252)
<b>Profit before taxation</b>		<b>827,515</b>	<b>1,012,559</b>
Tax on profit	<b>8</b>	(108,999)	(263,565)
<b>Profit for the financial year</b>		<b>718,516</b>	<b>748,994</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# ABBEYMILL HOMES LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2020

		2020	2019
	Notes	£	as restated £
<b>Fixed assets</b>			
Tangible assets	10	866,090	922,153
<b>Current assets</b>			
Stocks	11	7,984,697	11,897,442
Debtors	12	1,844,734	1,485,982
Cash at bank and in hand		1,944,719	1,285,463
		<u>11,774,150</u>	<u>14,668,887</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>(6,584,532)</u>	<u>(11,732,746)</u>
<b>Net current assets</b>		<u>5,189,618</u>	<u>2,936,141</u>
<b>Total assets less current liabilities</b>		<u>6,055,708</u>	<u>3,858,294</u>
<b>Creditors: amounts falling due after more than one year</b>	14	(4,584,442)	(2,576,832)
<b>Provisions for liabilities</b>	17	(28,077)	(34,914)
<b>Net assets</b>		<u><u>1,443,189</u></u>	<u><u>1,246,548</u></u>
<b>Capital and reserves</b>			
Called up share capital	20	15,000	15,000
Profit and loss reserves		1,428,189	1,231,548
<b>Total equity</b>		<u><u>1,443,189</u></u>	<u><u>1,246,548</u></u>

The financial statements were approved by the board of directors and authorised for issue on 29th January 2021 and are signed on its behalf by:



J Pacifici  
Director

Company Registration No. 02590519

# **ABBEYMILL HOMES LIMITED**

## **STATEMENT OF CHANGES IN EQUITY** **FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	Share capital £	Profit and loss reserves £	Total £
<b>As restated for the period ended 31 March 2019:</b>				
<b>Balance at 1 April 2018</b>		15,000	703,054	718,054
<b>Year ended 31 March 2019:</b>				
Profit and total comprehensive income for the year		-	748,994	748,994
Dividends	9	-	(220,500)	(220,500)
<b>Balance at 31 March 2019</b>		15,000	1,231,548	1,246,548
<b>Year ended 31 March 2020:</b>				
Profit and total comprehensive income for the year		-	718,516	718,516
Dividends	9	-	(521,875)	(521,875)
<b>Balance at 31 March 2020</b>		15,000	1,428,189	1,443,189

# ABBEYMILL HOMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2020

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#### 1 Accounting policies

##### Company information

Abbeymill Homes Limited is a private company limited by shares incorporated in England and Wales. The registered office is Market House, Silver End, Olney, Buckinghamshire, MK46 4AL.

##### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Abbeymill Holdings Limited. These consolidated financial statements are available from its registered office, Market House, Silver End, Olney, Buckinghamshire, MK46 4AL.

##### 1.2 Going concern

These financial statements are prepared on the going concern basis. In recent months COVID-19 has been dominating the world social and economic climate and has had an impact on performance across a wide range of industries, including the company's own performance following the year end. However, the directors continue to monitor the ongoing situation and are confident that the company has the resources to deal with the changing circumstances for the foreseeable future. In making this assessment the directors have considered the potential impact of COVID-19 and the actions available to mitigate the impact on the business over a period of at least 12 months from the date of approving the accounts.

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##### 1.3 Turnover

Turnover is recognised on legal completion at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

# ABBEYMILL HOMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

#### 1 Accounting policies

(Continued)

Revenue from the sale of property and extras is recognised when the significant risks and rewards of ownership of the property have passed to the buyer, the work has been completed, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The company recognises the full value of sales that have been developed in joint venture projects and amounts due to joint venture partners are included within cost of sales.

#### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

Freehold land and buildings	5% straight line
Plant and equipment	33% reducing balance
Computer equipment	25-33% straight line
Motor vehicles	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to the profit and loss account.

#### 1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit and loss account, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

# ABBEYMILL HOMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

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### 1 Accounting policies

(Continued)

#### 1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in the profit and loss account. Reversals of impairment losses are also recognised in the profit and loss account.

The company recognises within its stock and work in progress the full cost of land and developments that are being developed under joint venture agreements. No separate legal entity exists under such agreements. The joint venture agreements allow for the financier to have legal ownership of the development until completion, whereupon they must transfer legal title to the company's customers. Where land has been acquired by a financier and not paid for by the company, the full cost of the land is recognised in the accounts, along with a corresponding creditor due to the financier for that land. This is because under these agreements the control and management of the land and related developments is placed with the company by the financier party.

#### 1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the profit and loss account, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

# ABBEYMILL HOMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

#### 1 Accounting policies

(Continued)

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through the profit and loss account, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the profit and loss account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the profit and loss account.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### **Classification of financial liabilities**

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

##### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans and other loans, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the profit and loss account in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through the profit and loss account. Debt instruments may be designated as being measured at fair value through the profit and loss account to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.



# ABBEYMILL HOMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

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#### 1 Accounting policies

(Continued)

##### *Derecognition of financial liabilities*

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### 1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

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#### 1.12 Retirement benefits

The company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the fund and amounted to £86,880 (2016 - £51,200).

# ABBEYMILL HOMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

### 1 Accounting policies

(Continued)

#### 1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### 3 Operating profit

	2020	2019
Operating profit for the year is stated after charging/(crediting):	£	£
Fees payable to the company's auditor for the audit of the company's financial statements	10,000	10,000
Depreciation of owned tangible fixed assets	45,065	62,197
Depreciation of tangible fixed assets held under finance leases	39,185	35,949
Profit on disposal of tangible fixed assets	(1,825)	(18,933)
Operating lease charges	8,658	19,419

# ABBEYMILL HOMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

### 4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
Directors	3	3
Other staff	10	10
Total	13	13

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	444,020	533,057
Social security costs	43,914	58,374
Pension costs	53,927	82,713
	541,861	674,144

### 5 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	24,729	116,545
Company pension contributions to defined contribution schemes	46,729	78,019
	71,458	194,564

### 6 Interest receivable and similar income

	2020 £	2019 £
Interest income		
Interest on bank deposits	11,023	2,163
Other interest income	3,691	13,579
Total income	14,714	15,742

# ABBEYMILL HOMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

### 7 Interest payable and similar expenses

	2020 £	2019 £
Interest on bank overdrafts and loans	24,051	12,347
Other interest on financial liabilities	144,000	114,428
Interest on finance leases and hire purchase contracts	4,626	9,377
Other interest	2,819	100
	<u>175,496</u>	<u>136,252</u>

### 8 Taxation

	2020 £	2019 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	172,559	279,033
Adjustments in respect of prior periods	(56,723)	412
Total current tax	<u>115,836</u>	<u>279,445</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(10,945)	(15,880)
Changes in tax rates	4,108	-
Total deferred tax	<u>(6,837)</u>	<u>(15,880)</u>
Total tax charge	<u>108,999</u>	<u>263,565</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Profit before taxation	<u>827,515</u>	<u>1,012,559</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	157,228	192,386
Tax effect of expenses that are not deductible in determining taxable profit	4,386	29,877
Adjustments in respect of prior years	<u>(56,723)</u>	<u>412</u>
Deferred tax adjustments in respect of prior years	4,108	1,868
Tax affect of prior period restatements	-	39,022
Taxation charge for the year	<u>108,999</u>	<u>263,565</u>

# **ABBEYMILL HOMES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2020**

### **9 Dividends**

	2020 £	2019 £
Interim paid	521,875	220,500

### **10 Tangible fixed assets**

	Freehold land and buildings £	Plant and equipment £	Computer equipment £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 April 2019	654,568	446,684	16,038	224,737	1,342,027
Additions	6,082	3,683	8,560	41,218	59,543
Disposals	-	(56,615)	-	(80,012)	(136,627)
At 31 March 2020	660,650	393,752	24,598	185,943	1,264,943
<b>Depreciation and impairment</b>					
At 1 April 2019	-	325,227	2,500	92,147	419,874
Depreciation charged in the year	-	38,997	5,032	40,221	84,250
Eliminated in respect of disposals	-	(45,104)	-	(60,167)	(105,271)
At 31 March 2020	-	319,120	7,532	72,201	398,853
<b>Carrying amount</b>					
At 31 March 2020	660,650	74,632	17,066	113,742	866,090
At 31 March 2019	654,568	121,457	13,538	132,590	922,153

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2020 £	2019 £
Plant and equipment	109,512	151,490

### **11 Stocks**

	2020 £	2019 £
Work in progress	7,984,697	11,897,442

Included within stock and work in progress is land and developments valued at £4.2m (2019: £7.8m) that are being developed through joint venture agreements. Abbeymill homes has the right to develop and sell plots in those developments however the legal owner of the land and developments remain with the financier until legal completion.

# **ABBEYMILL HOMES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2020**

### **12 Debtors**

	2020	2019
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	700,201	200,500
Corporation tax recoverable	3,979	11,803
Amounts owed by group undertakings	733,473	745,538
Other debtors	399,424	523,991
Prepayments and accrued income	7,657	4,150
	<u>1,844,734</u>	<u>1,485,982</u>

### **13 Creditors: amounts falling due within one year**

	2020	2019
	£	£
	Notes	
Bank loans	15	26,869
Obligations under finance leases	16	44,894
Other borrowings	15	2,254,353
Trade creditors		727,505
Corporation tax		133,538
Other taxation and social security		22,744
Other creditors		978,363
Accruals and deferred income		2,396,266
		<u>6,584,532</u>
		<u>11,732,746</u>

### **14 Creditors: amounts falling due after more than one year**

	2020	2019
	£	£
	Notes	
Bank loans	15	607,361
Obligations under finance leases	16	48,581
Other borrowings	15	3,928,500
		<u>4,584,442</u>
		<u>2,576,832</u>

# ABBEYMILL HOMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

### 15 Loans and overdrafts

	2020 £	2019 £
Bank loans	634,230	656,624
Other loans	6,182,853	10,279,545
	<u>6,817,083</u>	<u>10,936,169</u>
Payable within one year	2,281,222	8,431,123
Payable after one year	<u>4,535,861</u>	<u>2,505,046</u>

The bank loan is secured by a fixed charge created on 5 September 2018 registered on a freehold building owned by the company.

Other loans relate to funding provided by external financiers under joint venture agreements in association with the company's housing developments. The developments remain the legal property of the financier until completion, at which point the financier is obliged to transfer ownership to the company's customers. Of the work in progress held at year end, £4.2m (2019: £7.8m) is subject to financing under these agreements.

Included within other loans is £1.9m (2019: £1.7m) which is secured by fixed charges over land owned by the company.

### 16 Finance lease obligations

	2020 £	2019 £
Future minimum lease payments due under finance leases:		
Within one year	44,894	49,350
In two to five years	48,581	71,786
	<u>93,475</u>	<u>121,136</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

### 17 Provisions for liabilities

	Notes	2020 £	2019 £
Deferred tax liabilities	18	<u>28,077</u>	<u>34,914</u>

# **ABBEYMILL HOMES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 MARCH 2020**

#### **18 Deferred taxation**

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2020 £	Liabilities 2019 £
<b>Balances:</b>		
Accelerated capital allowances	28,077	34,914
	<u>28,077</u>	<u>34,914</u>
<b>Movements in the year:</b>		2020 £
Liability at 1 April 2019		34,914
Credit to profit or loss		(10,945)
Effect of change in tax rate - profit or loss		4,108
Liability at 31 March 2020		<u>28,077</u>

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

#### **19 Retirement benefit schemes**

	2020 £	2019 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	53,927	82,713
	<u>53,927</u>	<u>82,713</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

#### **20 Share capital**

	2020 £	2019 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
12,750 Ordinary A shares of £1 each	12,750	12,750
2,250 Ordinary B shares of £1 each	2,250	2,250
	<u>15,000</u>	<u>15,000</u>



# ABBEYMILL HOMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

### 21 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020 £	2019 £
Within one year	6,563	10,212
Between two and five years	1,914	8,477
	<u>8,477</u>	<u>18,689</u>

### 22 Related party transactions

#### Remuneration of key management personnel

During the year remuneration of key management personnel amounted to £119,506 (2019: £299,264).

#### Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sales		Purchases	
	2020 £	2019 £	2020 £	2019 £
Connected companies	<u>515,489</u>	<u>270,283</u>	<u>2,675,109</u>	<u>1,088,183</u>

	2020 £	2019 £
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#### Amounts due to related parties

Connected companies	<u>672,958</u>	<u>225,039</u>
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	2020 £	2019 £
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#### Amounts due from related parties

Entities with control, joint control or significant influence over the company	733,473	730,050
Connected companies	2,798	932
Key management personnel	-	65,205
	<u></u>	<u></u>

### 23 Ultimate controlling party

The immediate and ultimate parent undertaking is Abbeymill Holdings Limited, a company incorporated in England and Wales.

The ultimate controlling party is J Pacifici by virtue of his shareholding in Abbeymill Holdings Limited.

# **ABBEYMILL HOMES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 MARCH 2020**

#### **24 Prior period adjustment**

After the approval of the prior year financial statements the directors received updated costing information regarding one of the development projects, following examination of which it was determined that the costs of that development had been under-provided at the end of the prior year. As such, the revised cost position has been reflected in the financial statements by restating the accrual for costs provided as at 31 March 2019. The effect on the prior period comparatives is as follows:

#### **Changes to the balance sheet**

	As previously reported £	Adjustment £	As restated at 31 Mar 2019 £
<b>Creditors due within one year</b>			
Accruals and deferred income	(1,459,322)	(205,376)	(1,664,698)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Capital and reserves</b>			
Profit and loss	1,436,924	(205,376)	1,231,548
	<u>          </u>	<u>          </u>	<u>          </u>

#### **Changes to the profit and loss account**

	As previously reported £	Adjustment £	As restated £
<b>Period ended 31 March 2019</b>			
Cost of sales	(21,298,308)	(205,376)	(21,503,684)
Profit for the financial period	954,370	(205,376)	748,994
	<u>          </u>	<u>          </u>	<u>          </u>