Company Number: 3902049

REDHOUSE HOLDINGS LIMITED

REPORT OF THE DIRECTORS AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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Registered Number: 3902049

Company Information

For the Year Ended 30 June 2018

Directors

A P Richardson

N J Child

R J Vickers

Cromwell Director Limited

Company Secretary

Cromwell Corporate Secretarial Limited

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Central Square
29 Wellington Street
Leeds
LS1 4DL

Bankers

Bank of Scotland
New Uberior House
11 Earl Grey Street
Edinburgh
EH3 9BN

Registered Office

1st Floor
Unit 16
Manor Court Business Park
Scarborough
North Yorkshire
YO11 3TU

Report of the Directors for the Year Ended 30 June 2018

The directors present their annual report and the audited consolidated financial statements of the group and company for the year ended 30 June 2018.

The report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Principal activities and business review including future developments

The principal activity of the group is the development of land and property. The principal activity of the company is that of a holding company.

Both the level of activity for the year and the financial position at the end of the year were as anticipated and the directors expect that the current level of activity will be sustained until the development is complete.

Results and dividends

The profit of the Group for the year was £2,116,350 (2017: £1,726,994) and the net assets as at the balance sheet date were £2,409,022 (2017: £292,672).

A dividend was paid during the year of £nil (2017 – £1,600,000). The directors do not recommend the payment of a final dividend (2017 - £Nil).

Directors

The directors who held office during the year and up to the date of this report were as follows:

- A P Richardson
- N J Child
- R J Vickers
- Cromwell Director Limited

Principal risks and uncertainties

The principal risks and uncertainties mainly relate to the volatility of interest rates and the state of the UK property market. These risks and uncertainties are managed by the joint venture partners.

Going concern

The directors have considered the net liability position of the Company balance sheet as at the year end date. The directors are comfortable that the Group is sufficiently profitable and cash flow solvent in the near term for the financial statements to be prepared on a going concern basis.

Key performance indicators ("KPIs")

Given the straightforward nature of the business, the directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Political donations and expenditure

Political donations and contributions to non-EU political parties during the year were £nil (2017: £nil).

Report of the Directors for the Year Ended 30 June 2018 (continued)

Statement of disclosure of information to auditors

So far as each director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors, PricewaterhouseCoopers LLP are unaware and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:

James Maddy

For and on behalf of

Cromwell Director Limited - Director

Company number 3902049

March 2019

Independent Auditors' Report to the Members of Redhouse Holdings Limited

for the year ended 30 June 2018

Report on the audit of the financial statements

Opinion

In our opinion, Redhouse Holdings Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 30 June 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report of the Directors and Consolidated Financial Statements (the "Annual Report"), which comprise: the consolidated and company balance sheets as at 30 June 2018; the consolidated profit and loss account and consolidated statement of other comprehensive income, and the consolidated and company statements of changes in equity for the year then ended and the notes to the financial statements which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- 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 group's and 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union, are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

Independent Auditors' Report to the Members of Redhouse Holdings Limited

for the year ended 30 June 2018

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Report of the Directors for the year ended 30 June 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Report of the Directors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report to the Members of Redhouse Holdings Limited

for the year ended 30 June 2018

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Stephanie Yeates

Stephanie Yeates (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
28 March 2019

Consolidated Profit and Loss account

for the year ended 30 June 2018

	Note	*Year Ended 30 June 2018* *£*	*Year Ended 30 June 2017* *£*
TURNOVER		9,250,000	4,490,000
Cost of Sales		(6,558,716)	(2,101,682)
GROSS PROFIT		**2,691,284**	**2,388,318**
Administrative expenses		(64,280)	(47,691)
OPERATING PROFIT	4	**2,627,004**	**2,340,627**
Impairment of goodwill	8	-	(150,892)
Interest receivable and similar income	6	4,846	224
PROFIT BEFORE TAXATION		**2,631,850**	**2,189,959**
Tax on profit on ordinary activities	7	(515,500)	(462,965)
PROFIT FOR THE FINANCIAL YEAR		**2,116,350**	**1,726,994**

The above results derive from continuing operations throughout the year.

There is no difference between the profit before taxation and the profit for the financial year stated above and their historical cost equivalents.

Consolidated Statement of Other Comprehensive Income

for the year ended 30 June 2018

	Year Ended 30 June 2018 £	*Year Ended 30 June 2017* £
PROFIT FOR THE FINANCIAL YEAR	2,116,350	1,726,994
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**2,116,350**	**1,726,994**

Consolidated Balance Sheet

As at 30 June 2018

	Note	2018 £	2017 £
FIXED ASSETS			
Intangible assets	8	-	-
		-	-
CURRENT ASSETS			
Stocks	10	-	986,188
Debtors	11	3,496,987	925,710
Cash at bank and in hand		1,849,393	2,147,126
		5,346,380	4,059,024
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	12	(2,937,358)	(3,766,352)
NET CURRENT ASSETS		2,409,022	292,672
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,409,022**	**292,672**
CAPITAL AND RESERVES			
Called up share capital	13	1,000	1,000
Profit and loss account		2,408,022	291,672
TOTAL SHAREHOLDERS' FUNDS		**2,409,022**	**292,672**

The Financial Statements on pages 7 to 19 were approved by the Board on March 2019 and signed on its behalf by:

James Maddy
For and on behalf of Cromwell Director Limited
Director

Nick Child
Director

Company Balance Sheet

As at 30 June 2018

	Note	*2018* £	*2017* £
FIXED ASSETS			
Investments	9	-	-
		-	-
CURRENT ASSETS			
Debtors	11	1,400,000	900,200
		1,400,000	900,200
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	12	(1,450,138)	(949,838)
NET CURRENT LIABILITIES		(50,138)	(49,638)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(50,138)**	**(49,638)**
CAPITAL AND RESERVES			
Called up share capital	13	1,000	1,000
Profit and loss account brought forward		(50,638)	100,987
Loss for the year		(500)	(151,625)
TOTAL SHAREHOLDERS' DEFICIT		**(50,138)**	**(49,638)**

The Financial Statements on pages 7 to 19 were approved by the Board on March 2019 and signed on its behalf by:

James Maddy
For and on behalf of Cromwell Director Limited
Director

Nick Child
Director

Consolidated and Company Statements Of Changes In Equity

For the year ended 30 June 2018

	Called Up Share Capital	*Profit and Loss Account*	*Total Shareholders Funds*
	£	£	£
Group			
Balance at 1 July 2016	1,000	164,678	165,678
Total comprehensive income	-	1,726,994	1,726,994
Dividends paid	-	(1,600,000)	(1,600,000)
Balance at 30 June 2017	1,000	291,672	292,672
Total comprehensive income	-	2,116,350	2,116,350
Dividends paid	-	-	-
Balance at 30 June 2018	**1,000**	**2,408,022**	**2,409,022**

	Called Up Share Capital	*Profit and Loss Account*	*Total Shareholders Deficit*
	£	£	£
Company			
Balance at 1 July 2016	1,000	100,987	101,987
Total comprehensive income	-	1,448,375	1,448,375
Dividends paid	-	(1,600,000)	(1,600,000)
Balance at 30 June 2017	1,000	(50,638)	(49,638)
Total comprehensive expenses	-	(500)	(500)
Dividends paid	-	-	-
Balance at 30 June 2018	**1,000**	**(51,138)**	**(50,138)**

A dividend of £1,600,000 was paid on 25 January 2017. The distributable reserves of the company at that date were £1,701,000.

Notes to the Financial Statements for the Year Ended 30 June 2018

1. General Information

Redhouse Holdings Limited is a 50:50 joint venture holding company between Clugston Estates Limited and Cromwell Europe Limited. The group carries out the development of land at Redhouse Interchange, Doncaster, for commercial uses. It derives revenue from both the sale of developed land and from management and other fees associated with these activities.

The company is a private limited company, limited by shares, incorporated in England and Wales. The address of its registered office is 1st Floor, Unit 16, Manor Court Business Park, Scarborough, North Yorkshire, YO11 3TU.

2. Critical Accounting Estimates and Assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

i) Revenue recognition

Revenue from long term contracts is recognised in relation to the stage of completion of the contract. Fee income can be invoiced at the start of a project or at the completion of specific milestones. However it is recognised on a straight line basis over the term of contracts and projects they relate to.

ii) Stocks

Stocks are valued at the lower of cost and net realisable value. Assumptions are made concerning the underlying market conditions and potential commercial opportunities to determine whether net realisable value exceeds cost and appropriate write downs are made if this is not determined to be the case.

3. Accounting Policies

(a) **Basis of preparation**
The financial statements have been prepared under the historical cost convention and the accounting policies set out below, in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. These accounting policies have been applied consistently throughout the year.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are set out above.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(b) **Financial reporting standard 102 - reduced disclosure exemptions**
The Group has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows.

The Group is entitled to take this exemption as it meets the requirements of a small Group.

(c) **Going concern**
The financial statements are prepared on a going concern basis which assumes that the group will be able to meet its liabilities as they fall due for the foreseeable future. The directors have prepared cash flow forecasts which indicate that the group will have sufficient resources to meet its obligations as they fall due for at least the next twelve months.

Notes to the Financial Statements for the Year Ended 30 June 2018
(continued)

Accounting Policies (continued)

(d) **Stock and work in progress**

Unless presold, development properties are held at the lower of cost, including finance costs and market value. Cost is based on the cost of the land and all other direct costs incurred to date, including demolition costs and interest paid in respect of borrowings to finance the relevant development. Presold development properties are stated at cost plus attributable profits less losses, where the outcome can be assessed with reasonable certainty, less progress payments receivable. Attributable profit consists of the relevant proportion of the total estimated profit appropriate to the progress made in construction and letting. Losses are recognised as soon as they are foreseen. Net realisable value is based on estimated selling price after taking into account all further costs expected to be incurred on disposal.

(e) **Interest cost**

Interest which can fairly be attributed to properties held for, or in the course of, development is considered to be part of the cost. Interest is calculated by reference to specific borrowings where relevant and otherwise by reference to the average rate paid on funding the assets employed by the company. Interest is attributed to the development for the period until substantially all activities necessary to bring the development into use have been completed.

(f) **Turnover**

Turnover which arose wholly within the United Kingdom from the continuing principal activity represents amounts invoiced, net of value added tax, in respect of amounts receivable from sales of developed land and property during the period and rental income.

(g) **Income recognition**

Proceeds received on the sale of development projects are recognised on unconditional exchange of contract. Rental income accrues on a daily basis.

(h) **Basis of consolidation**

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 30 June 2018. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

(i) **Taxation**

Current tax only includes UK corporation tax and is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

(j) **Deferred taxation**

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Notes to the Financial Statements for the Year Ended 30 June 2018 (continued)

Accounting Policies (continued)

(k) **Goodwill**
Goodwill arising on the acquisition of subsidiaries is capitalised on the balance sheet and amortised as parts of the relevant property development, to which it relates as and when those developments are sold. Goodwill is reviewed on an annual basis for changes in the circumstances relating to the particular acquisitions or underlying development.

(l) **Investments**
Investments are held at cost less provision for amounts that are not expected to be recoverable. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

(m) **Receivables**
Receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due. Indicators of impairment would include financial difficulties of the debtor, likelihood of the debtor's insolvency, default in payment or a significant deterioration in credit worthiness. Any impairment is recognised in the income statement within 'administrative expenses'. When a receivable is uncollectible, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against 'other operating income and expenses' in the income statement.

(n) **Trade payables**
Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(o) **Cash and cash equivalents**
Cash which is subject to restrictions, being held to match certain liabilities, is included in cash and cash equivalents in the statement of financial position.

4. Operating Profit

	Year Ended 30 June 2018	*Year Ended 30 June 2017*
	£	**£**
Operating profit is stated after charging:		
Group		
Auditors' remuneration – fees for the Company and Group	4,000	4,000
Auditors' remuneration – fees for audit of Group subsidiaries	6,000	6,000

The group had no employees during the year (2017: None). None of the directors received any remuneration in the year (2017: £Nil).

5. Profit and Loss Account

Redhouse Holdings Limited has not presented its own profit and loss account as permitted by Section 408 of the Companies Act 2006. The attributable loss for the financial year dealt with in the financial statements of the Company is £500 (2017: profit £1,448,375).

Notes to the Financial Statements for the Year Ended 30 June 2018
(continued)

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year Ended 30 June 2018 £	*Year Ended 30 June 2017* £
Other interest receivable	4,846	224
	4,846	224

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Year Ended 30 June 2018 £	*Year Ended 30 June 2017* £
Current tax charge for the year	515,500	462,965
	515,500	462,965

The tax assessed for the year is higher (2017: higher) than the standard rate of corporation tax in the UK of 19.00% (2017: 19.75%). The differences are explained below:

	Year Ended 30 June 2018 £	*Year Ended 30 June 2017* £
Profit on ordinary activities before taxation	2,631,850	2,189,959
Profit before taxation multiplied by the standard rate of corporation tax in the UK at 19.00% (2017: 19.75%)	500,052	432,517
Effects of:		
Expenses not deductible for tax purposes	11,588	30,448
Adjustments to tax charge in respect of previous periods	3,860	-
Total tax charge	515,500	462,965

Factors that may affect future tax charges

The UK corporation tax rate will reduce to 17% from 1 April 2020.

Notes to the Financial Statements for the Year Ended 30 June 2018

(continued)

8. INTANGIBLE ASSETS

Group

	Goodwill £
Cost	
Balance at 1 July 2017 and 30 June 2018	2,679,617
Accumulated impairment	
Balance at 1 July 2017	2,679,617
Impairment in the year	-
Balance at 30 June 2018	2,679,617
Net Book Value	
At 30 June 2018	-
At 30 June 2017	-

The asset represented goodwill arising on the acquisition of Redhouse Projects Limited, as all land property in Redhouse Projects Limited has been sold, the goodwill has been impaired accordingly.

9. INVESTMENTS

Company

	Shares in group undertaking £
Cost	
Balance at 1 July 2017 and 30 June 2018	2,679,330
Provision	
Balance at 1 July 2017	2,679,330
Provision in the year	-
Balance at 30 June 2018	2,679,330
Net book value	
At 30 June 2018	-
At 30 June 2017	-

The investment represents the entire shareholding of Redhouse Projects Limited, a company registered in England and Wales, and whose principal activity is the development and refurbishment of commercial and industrial properties.

As all land property in Redhouse Projects Limited has been sold, the investment has been impaired accordingly.

Notes to the Financial Statements for the Year Ended 30 June 2018
(continued)

9. Investments - continued

The company has the following investments

Company	Country of incorporation	Principal activity	Shareholding	Registered office
Redhouse Projects Limited	England & Wales	Property Development	100%	1st Floor, Unit 16 Manor Court Business Park, Scarborough, YO11 3TU
Redhouse Property Services Limited	England & Wales	Property Management	100%	1st Floor, Unit 16 Manor Court Business Park, Scarborough, YO11 3TU

10. Stocks

	2018 Group £	2017 Group £
Development work in progress	-	986,188

Land stock is held at an amount in line with the directors valuation as at the year end and includes a provision of £nil (2017: £nil). During the year the groups remaining land stock was sold.

11. Debtors

	2018 Group £	2017 Group £
Trade debtors	1,990,575	-
Other debtors	106,412	25,710
Amounts owed by joint venture partners	1,400,000	900,000
	3,496,987	925,710

	2018 Company £	2017 Company £
Amounts owed by joint venture partners	1,400,000	900,000
Other debtors	-	200
	1,400,000	900,200

The amounts owed by joint venture partners are unsecured, incur no interest and are repayable on demand.

Notes to the Financial Statements for the Year Ended 30 June 2018

(continued)

12. Creditors – Amounts falling due within one year

	2018 Group £	2017 Group £
Trade creditors	399,845	747,944
Other taxation and social security	281,012	6,037
Accruals and deferred income	1,281,896	2,549,406
Corporation tax payable	974,605	462,965
	2,937,358	3,766,352

	2018 Company £	2017 Company £
Trade creditors	-	1,200
Amounts owed to group undertakings	1,450,138	948,638
	1,450,138	949,838

The amounts owed to group undertakings are unsecured, incur no interest and are repayable on demand.

13. Called up Share Capital

	Group and Company 2018 £	Group and Company 2017 £
Allotted, issued and fully paid:		
500 (2016: 500) 'A' Ordinary Shares of £1 each	500	500
500 (2016: 500) 'B' Ordinary Shares of £1 each	500	500
	1,000	1,000

The 'A' and 'B' Ordinary Shares rank pari passu in all respects.

14. Controlling Parties

The share capital of Redhouse Holdings Limited is jointly owned by Cromwell Development Holdings UK Limited (50%) and Clugston Estates Limited (50%).

There is no overall controlling party.

Notes to the Financial Statements for the Year Ended 30 June 2018

(continued)

15. **RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemptions in FRS 102 and consequently has not disclosed details of transactions with companies within the Redhouse Holdings Limited Group.

Amounts owed by joint venture partners consist of loans to Cromwell Development Holdings UK Limited of £700,000 (2017: £450,000) and Clugston Estates Limited of £700,000 (2017: £450,000). The balances due at 30 June 2018 includes no rolled up interest in the current year or prior year.

16. **FINANCIAL RISK MANAGEMENT**

The company's activities expose it to a variety of financial risks, predominantly liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

Risk management is carried out under policies approved by the board of directors. The directors identify, evaluate and hedge financial risks in close co-operation with the group's operational managers. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

Liquidity risk

The group is subject to the risk that it will not have sufficient borrowing facilities to fund its existing business and its future plan for growth. The group manages its liquidity requirements with the use of both short and long-term cash flow forecasts. These forecasts are supplemented by a financial headroom position which is used to demonstrate funding adequacy for at least a 12 month period.

The group's main source of liquidity is its property development business. Cash generation by this business is dependent upon development sales.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the directors aim to maintain flexibility in funding by keeping committed credit lines available.

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to its parent, issue new shares or sell assets to reduce debt.