

Company Registration No. 05661137 (England and Wales)

MILLHARBOUR DEVELOPMENTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018



MILLHARBOUR DEVELOPMENTS LIMITED

COMPANY INFORMATION

Directors	S S Conway D O'Sullivan
Secretary	A W Porter
Company number	05661137
Registered office	3rd Floor Sterling House Langston Road Loughton Essex IG10 3TS
Auditor	BDO LLP 55 Baker Street London United Kingdom W1U 7EU
Bankers	Barclays Bank PLC 1 Churchill Place London E14 5HP
Solicitors	Howard Kennedy LLP 1 London Bridge London SE1 9BG

MILLHARBOUR DEVELOPMENTS LIMITED

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MILLHARBOUR DEVELOPMENTS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present the strategic report for the year ended 31 March 2018.

Fair review of the business

The principal activity of the company continued to be that of property development. 90% of sales have been completed by the end of the year.

Principal risks and uncertainties

A range of risks associated with developing and delivering complex projects for clients are recognised by the company. Budgets are prepared for all projects prior to commencement, with detailed planning carried out to support site operations. All projects are closely monitored via the monthly cost valuation reporting mechanism, with timely intervention where any material variations are identified.

Development and performance

Sustainable profitability and cash generation remain key priorities for the company. The directors consider the rates of profitability: Gross profit £143,056 (2017: £34,463,893). Profit before tax is £920,607 (2017: £29,309,026). Turnover £829,975 (2017: £100,602,679). Overall the directors are satisfied with the financial performance of the company while targeting increased efficiencies and synergies going forward.

Other information and explanations

After completing sales the company will come to the end of its development work. The key priority of the company going forward is to increase profitability while managing risks effectively.

By order of the board



A.W. Porter
Secretary

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MILLHARBOUR DEVELOPMENTS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present their annual report and financial statements for the year ended 31 March 2018.

Principal activities

The principal activity of the company continued to be that of property development.

Directors

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

S S Conway
D O'Sullivan

Results and dividends

Ordinary dividends were paid amounting to £10,500,000. The directors do not recommend payment of a further dividend.

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.

Statement of disclosure to auditor

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditor for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the board



A W Porter
Secretary

27 September 2018

MILLHARBOUR DEVELOPMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MILLHARBOUR DEVELOPMENTS LIMITED

Opinion

We have audited the financial statements of Millharbour Developments Limited (the 'company') for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, 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 2018 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.

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements concerning the Company's ability to continue as a going concern. The Company has an external loan at the year end of £5,904,179 which is due to expire on 6 December 2018. The Directors are currently in negotiations with the lender to extend the facility, however nothing has yet been finalised. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

We have nothing to report in this regard.

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.

MILLHARBOUR DEVELOPMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF MILLHARBOUR DEVELOPMENTS 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 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.

BDO LLP

Christopher Young (Senior Statutory Auditor)
For and on behalf of BDO LLP
Statutory Auditor

27 September 2018
55 Baker Street
London
United Kingdom
W1U 7EU

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

MILLHARBOUR DEVELOPMENTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

		2018	2017
	Notes	£	£
Revenue	3	829,975	100,602,679
Cost of sales		(686,919)	(66,138,786)
Gross profit		143,056	34,463,893
Administrative expenses		(2,679)	(30,726)
Other operating income		1,011,342	279,227
Operating profit	4	1,151,719	34,712,394
Investment income	6	25	28,799
Finance costs	7	(231,137)	(5,432,167)
Profit before taxation		920,607	29,309,026
Tax on profit	8	1,569,639	(1,448,720)
Profit for the financial year and total comprehensive income		2,490,246	27,860,306

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

The notes on pages 8 to 14 form part of these financial statements.

MILLHARBOUR DEVELOPMENTS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

		2018		2017 as restated	
	Notes	£	£	£	£
Current assets					
Inventories	10	8,453,494		8,310,576	
Trade and other receivables	11	767,754		17,190,852	
Cash and cash equivalents		328,376		195,946	
		<u>9,549,624</u>		<u>25,697,374</u>	
Current liabilities	12	(7,321,662)		(9,518,558)	
Net current assets			2,227,962		16,178,816
Non-current liabilities			-		(5,941,100)
Net assets			<u>2,227,962</u>		<u>10,237,716</u>
Equity					
Called up share capital	14		1		1
Retained earnings			2,227,961		10,237,715
Total equity			<u>2,227,962</u>		<u>10,237,716</u>

The financial statements were approved by the board of directors and authorised for issue on 27 September 2018 and are signed on its behalf by:


S S Conway
Director

Company Registration No. 05661137

The notes on pages 8 to 14 form part of these financial statements.

MILLHARBOUR DEVELOPMENTS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Share capital £	Retained earnings £	Total £
Balance at 1 April 2016		1 (17,622,591)	(17,622,590)	
As restated		1 (17,622,591)	(17,622,590)	
Year ended 31 March 2017:				
Profit and total comprehensive income for the year		- 27,860,306	27,860,306	
Balance at 31 March 2017		1 10,237,715	10,237,716	
Year ended 31 March 2018:				
Profit and total comprehensive income for the year		- 2,490,246	2,490,246	
Dividends	9	- (10,500,000)	(10,500,000)	
Balance at 31 March 2018		1 2,227,961	2,227,962	

The notes on pages 8 to 14 form part of these financial statements.

MILLHARBOUR DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

Company information

Millharbour Developments Limited is a company limited by shares incorporated in England and Wales. The registered office is 3rd Floor, Sterling House, Langston Road, Loughton, Essex, IG10 3TS. The nature of the company's operations and its principal activities are set out in the strategic report.

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 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- 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' – Carrying amounts, 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 Galliard Group Ltd. These consolidated financial statements are available from its registered office, 3rd Floor, Sterling House, Langston Road, Loughton, Essex, IG10 3TS.

1.2 Prior period error

It has come to the attention of the directors that a restatement of the prior year financial statements is necessary as a result of an error described below. It was identified in the prior year that retained earnings were overstated due to an error in the year ended 31 March 2016 whereby a sales retentions release was incorrectly classified as sales income. The effect of the adjustment on the accounts for the year ended 31 March 2017 has been to decrease retained earnings by £355,046 to £10,237,714 and decrease other receivables by £355,046 to £441,201. In light of the significant amount involved, the directors have corrected this fundamental misunderstanding and accordingly the prior year financial statements have been restated.

MILLHARBOUR DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

1.3 Going concern

The financial statements have been prepared on a going concern basis. The Company has an external loan at the year end of £5,904,179 which is due to expire on 6 December 2018. The Directors are currently in negotiations with the lender to extend the facility, however nothing has yet been finalised. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern.

1.4 Revenue

Revenue is recognised at the fair value of the consideration received or receivable following legal completion of developed units, 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.

1.5 Inventories

Inventories are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost comprises the purchase cost of land and buildings and development expenditure.

Profit on sales of developed properties are taken on receipt of sales proceeds at legal completion. Costs attributable to each sale comprises an appropriate proportion of total costs of the development.

1.6 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.

1.7 Financial instruments

Financial assets, other than investments, are initially measured at transaction price and subsequently held at cost, less any impairment.

Financial liabilities are measured initially at transaction price and subsequently at amortised cost.

Financial liabilities and equity are classified according to the substance of the instrument's contractual obligation, rather than its legal form.

Finance costs are charged to profit and loss over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount.

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 profit or loss, 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.

1.8 Equity instruments

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

1.9 Taxation

The tax expense for the period comprises current tax.

MILLHARBOUR DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement 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.

1.10 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.11 Finance Costs

Finance costs are charged to profit over the term of the debt so that the amount charged is at a constant rate on the carrying amount. Finance costs include issue costs, which are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.12 Other operating income

Other operating income comprises rental income net of value added tax and expenses directly attributable to the rental property; and rescinded deposits on the sale of property.

2 Judgements and key sources of estimation uncertainty

The company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. In preparing these financial statements, the directors have had to make the following judgements and estimates:

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Carrying value of inventories

In applying the Group's accounting policy for the valuation of inventories the Directors are required to assess the expected selling price and costs to sell each of the units that constitute the Group's work in progress. Cost includes the cost of acquisition of sites, the cost of infrastructure and construction works, and legal and professional fees incurred during development prior to sale. Estimation of the selling price is subject to significant inherent uncertainties, in particular the prediction of future trends in the market value of property.

Whilst the Directors exercise due care and attention to make reasonable estimates, taking into account all available information in estimating the future selling price, the estimates will, in all likelihood, differ from the actual selling prices achieved in future periods and these differences may, in certain circumstances, be very significant.

MILLHARBOUR DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

3 Revenue

	2018 £	2017 £
Turnover	829,975	100,602,679

	2018 £	2017 £
Revenue analysed by geographical market		
United Kingdom	829,975	100,602,679

4 Operating profit

	2018 £	2017 £
Operating profit for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	2,500	4,000
Cost of inventories recognised as an expense	650,303	65,206,090

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was: Nil (2017 : Nil)

6 Investment income

	2018 £	2017 £
Interest income		
Interest on bank deposits	25	-
Other interest income	-	28,799
Total income	25	28,799

7 Finance costs

	2018 £	2017 £
Interest on bank overdrafts and loans	231,137	2,932,167
Other interest	-	2,500,000
	231,137	5,432,167

MILLHARBOUR DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

8 Taxation

	2018 £	2017 £
Current tax		
UK corporation tax on profits for the current period	174,915	5,861,805
Adjustments in respect of prior periods	(1,744,554)	(4,413,085)
Total current tax	(1,569,639)	1,448,720

The actual (credit)/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:

	2018 £	2017 £
Profit before taxation	920,607	29,309,026
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	174,915	5,861,805
Adjustments in respect of prior years	(1,744,554)	(4,413,085)
Taxation (credit)/charge for the year	(1,569,639)	1,448,720

9 Dividends

	2018 £	2017 £
Interim Paid	10,500,000	-

10 Inventories

	2018 £	2017 £
Finished goods and goods for resale	8,453,494	8,310,576

MILLHARBOUR DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

11 Trade and other receivables

	2018	2017
		As restated
Amounts falling due within one year:	£	£
Trade receivables	46,181	363,780
Amounts owed by group undertakings	-	16,017,330
Other receivables	441,359	441,201
Prepayments and accrued income	280,214	368,541
	<u>767,754</u>	<u>17,190,852</u>

12 Current liabilities

	2018	2017
	£	£
Bank loans and overdrafts	5,922,705	-
Trade payables	10,038	681,291
Amount due to parent undertaking	861,347	-
Corporation tax	77,870	8,297,622
Other taxation and social security	8,258	29,828
Other payables	4,696	4,538
Accruals and deferred income	436,748	505,279
	<u>7,321,662</u>	<u>9,518,558</u>

There are no amounts included under current liabilities which are payable or repayable other than by instalments and fall due for payment or repayment after the end of the period of five years beginning with the day next following reporting date.

13 Non-current liabilities

	2018	2017
	£	£
Bank loans	<u>5,922,705</u>	<u>5,941,100</u>
Payable within one year	5,922,705	-
Payable between one and two years	<u>-</u>	<u>5,941,100</u>

The loan is secured by fixed charges over the assets of the company.

Bank loan is shown net of issue costs of £49,087 (2017: £120,754). Issue costs are charged over the term of the loan at a constant rate on the carrying amount.

MILLHARBOUR DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

14 Share capital

	2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
1 Ordinary share of £1 each	1	1

15 Controlling party

The immediate parent company is Raceguide Limited, a company registered in England and Wales, and the ultimate holding company is Galliard (Group) Limited, a company registered in England and Wales.

Galliard (Group) Limited prepares group financial statements and copies can be obtained from 3rd floor Sterling House, Langston Road, Loughton, Essex IG10 3TS.

In the opinion of the directors, there is no controlling party.

16 Prior period adjustment

Changes to the statement of financial position

	At 31 March 2017		
	As previously reported	Adjustment	As restated
	£	£	£
Current assets			
Debtors due within one year	17,545,898	(355,046)	17,190,852
Net assets	10,592,762	(355,046)	10,237,716
Capital and reserves			
Profit and loss	10,592,761	(355,046)	10,237,715
Total equity	10,592,762	(355,046)	10,237,716