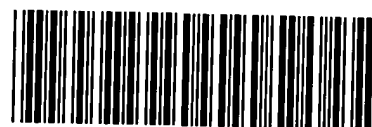


# MONSON HOMES LIMITED

Report and Financial Statements  
for the year ended  
31 March 2018

Company registration number 5880788

THURSDAY



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**MONSON HOMES LIMITED**  
**Year Ended 31 March 2018**

**REPORT AND FINANCIAL STATEMENTS**

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**MONSON HOMES LIMITED**  
**Year Ended 31 March 2018**

**DIRECTORS AND ADVISERS**

**Board Members**

Robert Heapy (Chair)  
Robin Tebbutt  
Jo Ellis

**Executive Management Team**

Robert Heapy, Chief Executive  
Robin Tebbutt, Finance Director  
Jo Ellis, Operations Director  
Colin Lissenden, Development Director

**Registered Office**

Monson House  
Monson Way  
Tunbridge Wells  
Kent TN1 1LQ

**Auditors**

**External**  
BDO LLP  
2 City Place  
Beehive Ring Road  
Gatwick  
West Sussex  
RH6 0PA

**Internal**  
Mazars LLP  
Tower Bridge House  
St Katharine's Way  
London  
E1W 1DD

**Bankers**

Svenska Handelsbanken Ab (publ.)  
77 Mount Ephraim  
Tunbridge Wells  
Kent  
TN4 8BS

**Legal Status**

Registered at Companies House. Company number 5880788

**MONSON HOMES LIMITED**  
**Year Ended 31 March 2018**

**REPORT OF THE BOARD**

**STRATEGIC REPORT**

The Directors present the strategic report for Monson Homes Limited (Monson Homes) for the year ended 31 March 2018.

**Principal activities**

Monson Homes' principal activities are acting as an agent for the design, construction, development and regeneration of housing on behalf of its parent company, Town & Country Housing Group (TCHG), and developing homes to be sold to its parent and for outright sale.

**Business review**

Monson Homes' turnover and profit reduced during the year. No new homes were sold, as the current programme is due to be completed in 2018/19. The first sales are expected in August 2018. There was an increase in turnover and profit from agency work for the parent from 2017/18, but activity remained well below the level achieved in previous years. It is expected that all aspects of the business will increase in the year ended 31 March 2019. During the year the company constructed 31 homes (agency work for parent) for TCHG to rent.

**Risk**

The Board acknowledges that it has overall responsibility for establishing and maintaining the whole system of internal controls and for reviewing its effectiveness.

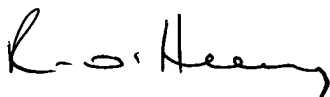
The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives. It can only provide reasonable, not absolute, assurance against material misstatement or loss.

The process for identifying, evaluating and managing the significant risk faced by Monson Homes is ongoing and has been in place throughout the period commencing 1 April 2017 up to the date of approval of the financial statements.

Monson Homes is integrated into the Group-wide approach to risk adopted by TCHG. The risks faced by Monson Homes are considered in relation to both Monson Homes and their impact on the Group.

The key risks identified by the Board affecting Monson Homes relate to the external economic environment, especially in relation to contractor solvency and house price movement within its area of operation.

Approved by the Board and signed on its behalf by:



Robert Heapy  
Chair  
17 July 2018

**MONSON HOMES LIMITED**  
**Year Ended 31 March 2018**

**DIRECTORS' REPORT**

**Directors**

The Directors all served throughout the year. They are set out on page 1.

**Dividends**

The Directors do not recommend the payment of a dividend (2017: £Nil).

**Results for the year**

Monson Homes made a loss before tax of £545k (2017: profit before tax of £176k) for the year ended 31 March 2018, on a turnover of £5.1m (2017: £7.6m). The reduction in turnover and profit arises from less building of dwellings for sale on the open market.

**Governance**

Monson Homes is governed by an executive board whose members are also the statutory Directors and are responsible for the management of its activities. The present Board Members are set out on page 1. The Board consists of three persons, all of whom are Executive Directors of Town & Country Housing Group. The Board Members do not receive any remuneration from, and hold no interest in the share capital of, Monson Homes Limited.

**Disclosure of information to auditors**

In the case of each person who was a Director at the time this report was approved:

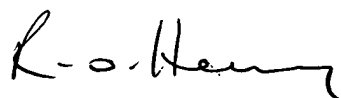
- so far as that Director was aware, there was no relevant audit information of which Monson Homes' auditors were unaware; and
- the Director had taken all the steps that the Director ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that Monson Homes' auditors were aware of that information.

The confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

**AUDITORS**

A recommendation to reappoint BDO LLP as auditors will be proposed at the next Board meeting.

Approved by the Board and signed on its behalf by:



Robert Heapy  
Chair  
17 July 2018

**MONSON HOMES LIMITED**  
**Year Ended 31 March 2018**

**DIRECTORS' RESPONSIBILITIES STATEMENT**

The Directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 applicable to the United Kingdom and the Republic of Ireland. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of Monson Homes and of the profit or loss of Monson Homes for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- 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 company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain Monson Homes' transactions and disclose with reasonable accuracy, at any time, the financial position of Monson Homes and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of Monson Homes and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**MONSON HOMES LIMITED**  
**Year Ended 31 March 2018**

**INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF MONSON HOMES LIMITED**

**Opinion**

We have audited the financial statements of Monson Homes Limited ("the Company") for the year ended 31 March 2018 which comprise the statement of comprehensive income, the statement of changes in equity, the statement of financial position 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 Financial Reporting Standard 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 loss 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

**MONSON HOMES LIMITED**  
**Year Ended 31 March 2018**

**INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF MONSON HOMES LIMITED**  
**(continued)**

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 the audit:

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

**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 Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.



**MONSON HOMES LIMITED**  
**Year Ended 31 March 2018**

**INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF MONSON HOMES LIMITED**  
**(continued)**

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:  
<https://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.

*E Kulczycki*

Elizabeth Kulczycki (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
Gatwick

Date: *27 July 2018*

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

**MONSON HOMES LIMITED**

Year ended 31 March 2018

**STATEMENT OF COMPREHENSIVE INCOME**

	Note	2018 £'000	2017 £'000
<b>TURNOVER</b>	5	5,068	7,644
Cost of sales		(4,800)	(6,500)
<b>GROSS PROFIT</b>		268	1,144
Administration costs		(444)	(663)
<b>OPERATING (LOSS)/PROFIT</b>	6	(176)	481
Interest payable	7	(371)	(315)
Interest receivable	8	2	10
<b>(LOSS)/PROFIT BEFORE TAXATION</b>		(545)	176
Taxation	11	98	(35)
<b>TOTAL COMPREHENSIVE (EXPENDITURE)/INCOME FOR THE YEAR</b>		(447)	141
<b>STATEMENT OF CHANGES IN EQUITY</b>			
		2018 £'000	2017 £'000
Retained earnings at the beginning of the year		141	-
(Loss)/profit for the year		(447)	141
<b>Retained earnings at the end of the year attributable to the owners</b>		(306)	141

The notes on pages 10 to 14 form part of these financial statements.

**MONSON HOMES LIMITED****Year ended 31 March 2018****STATEMENT OF FINANCIAL POSITION  
as at 31 March 2018**

	Note	2018 £'000	2017 £'000
<b>CURRENT ASSETS</b>			
Stocks and work in progress	12	13,238	4,119
Debtors	13	554	997
Cash at bank and in hand		236	4,067
		14,028	9,183
Creditors: amounts falling due within one year		(1,094)	(936)
<b>NET CURRENT ASSETS</b>	6	12,934	8,247
Creditors: amounts falling due after one year	7	(10,241)	(5,106)
<b>NET ASSETS</b>		2,693	3,141
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	17	3,000	3,000
Retained earnings	18	(307)	141
		2,693	3,141

The notes on pages 10 to 14 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board and signed on its behalf on 17 July 2018 by:



Robert Heapy  
Chair



Robin Tebbutt  
Finance Director

Monson Homes Limited - company registration number 5880788

# **MONSON HOMES LIMITED**

## **Year Ended 31 March 2018**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **1. Company registration**

Monson Homes Limited is incorporated in the United Kingdom and its registered office is at Monson House, Monson Way, Tunbridge Wells, Kent TN1 1LQ. It is a subsidiary of a public benefit entity.

#### **Basis of accounting**

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS102'), and with the Companies Act 2006.

Monson Homes has adopted the following disclosure exemptions under FRS102:

- the requirement not to present a statement of cash flows and related notes
- the requirement to not disclose financial instruments including financial instrument categories, income, expenses, gains and losses and the exposure to and the management of financial risks. Equivalent disclosures have been made in the consolidated financial statements presented alongside the parent company's (Town & Country Housing Group) own financial statements.

#### **2. Going concern**

After reviewing the Company's forecasts and projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

#### **3. Significant judgements and estimates**

Preparation of the financial statements requires management to make significant judgements and estimates. There were no items in the financial statements where these judgments and estimates were required.

#### **4. Significant accounting policies**

##### **Turnover**

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business net of discounts, VAT and other sales related tax. The whole of Monson Homes' turnover is attributable to its activity as a building developer and contractor and is incurred solely in the United Kingdom.

##### **Property sales**

Properties are treated as sold and profits are recognised when sale contracts are completed. Profit on homes built for sale is recognised in proportion to the turnover achieved compared to the total estimated turnover for the scheme. The value of future sales is based on management estimates informed by independent valuations.

##### **Construction contracts**

Turnover represents charges to Town & Country Housing Group in respect of the provision of design and build services and is recognised when the costs are incurred.

##### **Interest**

While the construction of stock is in progress, the interest attributable to the expenditure incurred on the asset is capitalised as part of the cost of the asset. The amount capitalised is derived from the weighted average cost of borrowing of Monson Homes, unless specific borrowings are taken out to finance the construction of the asset, in which case the rate applied is that of the specific borrowing.

**MONSON HOMES LIMITED**  
**Year Ended 31 March 2018**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**4. Principal accounting policies (continued)**

**Stock and work in progress**

Stock is stated at the lower of cost and estimated selling price less costs to complete and sell.

**Value-added tax**

Monson Homes makes taxable supplies and is able to recover the VAT it incurs on expenditure. The balance of VAT payable or recoverable at the year-end is included as a current asset or liability.

**Financial Instruments**

The company only enters into basic financial instruments that result in the recognition of financial assets and liabilities like trade and other account receivables and payable, loans from group companies and other third parties and loans to group companies and other third parties.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short term, highly liquid investments that are readily convertible (within three months) into known amounts of cash and are subject to an insignificant risk of changes in value.

**Debtors**

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

**Creditors**

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

**Taxation**

The tax expense represents the sum of the tax currently payable and any deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income and expense recognised as Other Comprehensive Income or to an item recognised directly in equity is also recognised in Other Comprehensive Income or directly in equity respectively.

The current tax charge is calculated using tax rates that have been enacted or substantively enacted by the Statement of Financial Position date.

Deferred tax is recognised in respect of all timing differences between taxable profits and total comprehensive income that have originated but not reversed at the Statement of Financial Position date, except that:

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

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date.

**MONSON HOMES LIMITED****Year ended 31 March 2018****NOTES TO THE FINANCIAL STATEMENTS (continued)****5. Turnover**

Monson Homes has determined its operating segments as:

Design, construction, development and regeneration for its parent company (TCHG)  
Residential house building

2018	2017
£'000	£'000
5,068	3,298
-	4,346
5,068	7,644

All turnover is derived in the United Kingdom.

**6. Operating profit**

Operating profit is stated after charging:

Cost of stock recognised as an expense

Auditor's remuneration:

- for audit services
- for taxation services

2018	2017
£'000	£'000
4,791	3,244
4	3
-	2

**7. Interest payable**

Interest on loan from parent

Borrowing costs capitalised

2018	2017
£'000	£'000
480	315
(109)	-
371	315

**8. Interest receivable**

Interest on short-term loan to parent

Bank interest receivable

2018	2017
£'000	£'000
-	4
2	6
2	10

**9. Employee information**

Monson Homes staff are employed under a joint contract of employment with TCHG. Staff salary costs are incurred by TCHG and they are recharged to Monson under a service-level agreement.

**10. Executive Directors' and Board Members' emoluments**

Monson Homes' four Executive Directors (Key Management Personnel) are executives of TCHG. They received no additional remuneration for their role with Monson Homes.

**MONSON HOMES LIMITED**

Year ended 31 March 2018

**NOTES TO THE FINANCIAL STATEMENTS (continued)****11. Taxation****(a) Tax on profit on ordinary activities**

The tax (credit)/charge comprises:

Current tax

UK corporation tax

Over-provision from previous year

Total tax on profit/(loss) on ordinary activities

2018 £'000	2017 £'000
(98)	35
-	-
(98)	35
(545)	176
(104)	35
-	-
6	-
(98)	35

**(b) Factors affecting the tax charge for the period**

(Loss)/profit on ordinary activities before tax

(Loss)/(profit) on ordinary activities multiplied by the standard rate of corporation tax in the UK 19% (2017: 20%)

Effects of:

Over-provision in prior year

Unrelieved tax losses

Total tax (credit)/charge for the period

**12. Stock and work in progress**

Completed properties

Properties under construction

2018 £'000	2017 £'000
-	-
13,238	4,119
13,238	4,119

Capitalised interest included in the above is £109k (2017: £nil).

**13. Debtors**

Amounts recoverable on contracts owed by parent

Amount due from parent

Other debtors

VAT receivable

Corporation tax

Deferred tax asset

2018 £'000	2017 £'000
104	88
91	865
-	16
261	28
35	-
63	-
554	997

**14. Creditors: amounts due within one year**

Trade creditors

Accruals and deferred income

Retentions

Corporation tax

2018 £'000	2017 £'000
113	117
490	272
491	512
-	35
1,094	936

**MONSON HOMES LIMITED****Year ended 31 March 2018****NOTES TO THE FINANCIAL STATEMENTS (continued)****15. Creditors: amounts due after more than one year**

Loan from parent company due after more than five years

Retentions

2018	2017
£'000	£'000
10,000	5,000
241	106
10,241	5,106

The loan from the parent company is a revolving facility of £40m, at LIBOR plus 2%. It is secured by a floating charge over all of Monson Homes' assets. It is repayable in March 2027.

**16. Long-term commitments****Long-term expenditure commitments were as follows:**

Expenditure contracted for but not provided in the accounts

Expenditure authorised by the Board but not contracted

2018	2017
£'000	£'000
17,323	9,527
29,315	15,728
46,638	25,255

These commitments will be financed through a combination of working capital, the loan from TCHG and the inter-company framework development agreement with TCHG, whereby TCHG guarantees to pay Monson Homes any and all costs incurred in the delivery of build contracts that it has entered into on TCHG's behalf.

**17. Share capital**

Authorised share capital:

3,000,000 ordinary shares at £1 each

Issued and fully paid:

3,000,000 ordinary shares of £1 each

2018	2017
£	£
3,000,000	3,000,000
3,000,000	3,000,000

Each ordinary share of £1 is a voting share in the capital of the Company, is entitled to participate in the profits of the Company and on a winding-up is entitled to participate in the assets of the Company.

**18. Reserves**

Retained earnings relates to the cumulative retained earnings less amounts distributed to shareholders.

**19. Related parties and controlling party**

The immediate and ultimate parent and controlling entity is Town & Country Housing Group, an entity incorporated in Great Britain. Copies of its financial statements can be obtained from the registered office: Monson House, Monson Way, Tunbridge Wells, Kent, TN1 1LQ.

Monson Homes has taken advantage of the exemption provided by paragraph 33.1A of FRS102 not to disclose group related party transactions as it is wholly owned by its immediate parent company.

Key Management Personnel (the Executive Directors) receive no compensation for their role with the Company.