

Registered number: 07884552

# **JERRAM GROUP LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2018**



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**JERRAM GROUP LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	M J A Jerram Mrs J M Jerram Mrs G M Jerram W J Jerram J M Jerram
<b>Company secretary</b>	J A Foscett
<b>Registered number</b>	07884552
<b>Registered office</b>	14 Anning Street London EC2A 3LQ
<b>Independent auditors</b>	BDO LLP Statutory Auditor London United Kingdom

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**JERRAM GROUP LIMITED**

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## JERRAM GROUP LIMITED

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### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2018

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#### Review of the business

Jerram Group Limited is a non-trading holding company for the Jerram group, who's activities include building contractor, property and property development, and a joinery.

#### Results and performance

The results of the group for the year, as set out on pages 10 and 12, show a profit on ordinary activities before tax of £1,276,000 (2017: £514,000). The shareholder's funds total £32,903,000 (2017: £31,588,000). Turnover for the year was at £51,914,000 up 59% from last year.

The improvement in turnover and profits is primarily due to a continued focus and investments on delivering a quality product. It is our ability to deliver which has allowed our improved turnover to convert into increased profitability. This drive for quality has resulted in an increase in our negotiated opportunities, reducing our risk and perpetuating controlled growth.

The construction company, Jerram Falkus Construction Limited has seen profit before tax increase by 49% on last year and turnover reaching £50,139,000 up from £29,259,000 last year.

The directors believe the outlook for the year ending 31 July 2019 and beyond to be positive. This confidence is founded on a buoyant tender list and a pipeline of in excess of £47m into next year with over £31m into 2019-2020. The budget for 2018-19 is expected to see a further improvement in profitability for the year. Due to the possible effects of Brexit, prudent provisions and assumptions have been included within the budget to counter the effect of cost and price inflations as well as the risk of possible delays to the commencement of secured projects.

The development company, Jerram Developments Limited, is actively working on exclusive residential development at Geffrye Street, whilst continuing to look for further potential investment opportunity, growing its portfolio of development projects.

Falkus Joinery continues to deliver high quality bespoke joinery which is fundamental to its reputation and evolving business. Turnover has seen a slight decline on last year caused by delayed starts to secured projects. This has predominantly effected the first three quarters to the year evidenced by 50% of annual turnover being achieved within the final quarter. The directors positively decided that maintaining the experienced and highly skilled workforce in preparation for pipeline projects to be more important than cutting cost. The result of this decision inevitably impacted profits for the first three quarters.

Jerram Falkus Limited's property portfolio and the 790 acres of premium agricultural land held by William J Jerram (Agricultural Investments) Limited continues to provide a good and stable income acting as ballast to the group.

The results for 2017-18 were further impacted by a more conservative stock provisioning policy, which was adopted in the year. From November 2018, all stock purchased for contracts is written off to the profit and loss and very little stock is held on the balance sheet.

Owing to an attempt to secure new clients, Falkus Joinery have incurred losses on selected projects in the first quarter of 2018-19.

The Directors are confident that the current year to 31 July 2019 will be similarly successful, optimism which is based on a high level of secured turnover throughout the group, prudence within the budget resulting in a good anticipated return.

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## JERRAM GROUP LIMITED

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2018

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#### Results and performance (continued)

The group's key financial and other performance indicators include

	2018 £000	2017 £000
Turnover	£51,914	£32,745
Gross profit margin	9.4%	13.6%
Operating profit before fair value adjustments	£1,292	£1,171
Profit before tax and pension finance cost	£1,311	£557
Net assets	£32,903	£31,588

#### Principal risks and uncertainties

##### *Economic risks*

The Directors have identified that the Brexit negotiations create a risk that the construction market could be depressed, whilst inversely inflationary pressure may be applied to labour and materials.

Jerram Falkus is highly aware of this risk and is factoring the uncertainty regarding materials and labour inflation into its pricing. We are an established company of over 134 years, with a strong balance sheet and high cash balance which is maintained to be able to fund approximately three months' worth of payments to mitigate against any unforeseen cash flow pressures. We have a highly experienced and established management structure, supply chain and our clients are of strong covenant. The economic risks surrounding Brexit have been identified and included within our annual budget and ongoing forecasts. Due to our financial strength and robust commercial control, we are confident that the outcome of the Brexit negotiations does not pose a long term risk to the company.

We have identified that there may be an impact to our supply chain which if not managed could have a short term risk to current projects. We are resolved to ensuring that this impact is minimised by implementing risk-reduction processes and measures that are reviewed at monthly Board meetings.

##### *Competitive risks*

The group is exposed to typical commercial risks experienced by similar organisations operating within the same competitive construction markets in the UK. Management seek to mitigate these risks by focussing on high quality and timely delivery of projects to maximise future tender opportunities from current clients.

The group also operates a selective approach to bid selection, to ensure a mixed portfolio of projects and to avoid undue reliance on any one sector or client.

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## JERRAM GROUP LIMITED

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2018

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#### **Principal risks and uncertainties (continued)**

##### *Financial risk management*

Financial instruments are used for financing purposes only. It is company policy not to trade in financial instruments.

The Jerram group is exposed to credit risk on liquid assets such as trade debtors. Group companies monitor the financial position of their customers on an ongoing basis. The granting of credit is controlled by application and account limits, where necessary appropriate payment guarantees are sought. An allowance is made for specific bad debts and at the reporting date, management did not consider there to be any material credit risk exposure.

Price risk is monitored by management as part of the review of monthly forecasts. The group has well established tendering procedures, with each new project formally reviewed and adjudicated by the directors prior to bid submission.

Jerram Development's Cremer St. project is partially funded by a bank loan secured upon the Group's property portfolio. This is an investment based loan secured off Jerram Group Limited's ability, if required to service the debt from its rental return. This is the only financial loan to the Group and is used so that Jerram Development projects do not impact levels of liquidity within the trading companies.

Liquidity and cash flow risks are actively managed through regular cash reporting and the preparation and monitoring of medium term budgets and forecasts. The group has a strong balance sheet and maintains a high cash balance to assist in funding all stages of contracts from tender to completion and to ensure stability and its continued future and permanence.

The Jerram group operates a prudent policy for the provision of costs.

The pension deficit is being kept under close review and advice is being sought where necessary.

The board of directors sets out the financial risk management policies that are implemented by the finance department, as disclosed in note 4. The Board considers that financial risks do not pose a major threat to the company.

##### *Health and safety*

Health and Safety remains a foremost priority within the company. The group employs a dedicated Quality, Environment, Safety and Health manager who visits sites on a regular basis to ensure that staff are kept up to date and comply with the latest regulations. The construction company also uses the services of an external organisation to carry out independent checks. Environmental and health and safety matters, including the results of all site inspections, are reviewed and discussed at the monthly board meeting.

##### *Legislative risks*

The group is required to comply with all applicable legislation and, in particular, covering activities such as Construction Industry Scheme and relevant building standards for construction. This is achieved through established best practice procedures that are available to staff through both formal and informal training.

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**JERRAM GROUP LIMITED**

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**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 JULY 2018**

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This report was approved by the board and signed on its behalf.



**J M Jerram**  
Director

Date: 29-04-19

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## JERRAM GROUP LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2018

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

#### Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and 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 the Company and the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments 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 Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Principal activities

The principal activities of the group are building construction, property development, agricultural and land holdings and the manufacture of purpose made joinery.

#### Results and dividends

The profit for the year, after taxation and minority interests, amounted to £1,034,000 (2017 - £573,000).

The directors have not recommended a dividend.

#### Directors

The directors who served during the year were:

M J A Jerram  
Mrs J M Jerram  
Mrs G M Jerram  
W J Jerram  
J M Jerram

#### Future developments

Subsequent to the year end, three of the five properties at the Cannon Hill Lane development have been sold by Jerram Developments Ltd to a third party and the remaining two properties have been capitalised and let.



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**JERRAM GROUP LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 JULY 2018**

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**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

**Auditors**

On 1 February 2019 Moore Stephens LLP merged its business with BDO LLP. As a result, Moore Stephens LLP has resigned as auditor and the directors have appointed BDO LLP as auditor in their place. BDO LLP has indicated its willingness to continue in office.

This report was approved by the board and signed on its behalf.



**J M Jerram**  
Director

Date: 29-04-19

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## JERRAM GROUP LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF JERRAM GROUP LIMITED

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#### Opinion

We have audited the financial statements of Jerram Group Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 July 2018, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated and Company Statement of Changes in Equity and the related notes, 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 Group's and of the Parent Company's affairs as at 31 July 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; 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 Group's or the Parent 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.

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## **JERRAM GROUP LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF JERRAM GROUP LIMITED (CONTINUED)**

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#### **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 Auditors' 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.

#### **Opinion 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 Group 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 Group Strategic Report and the 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 Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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.

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## JERRAM GROUP LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF JERRAM GROUP LIMITED (CONTINUED)

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#### Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 5, 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 Group's and the Parent 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 Parent Company or to cease operations, or have no realistic alternative but to do so.

#### 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 Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

#### Use of our report

This report is made solely to the Parent 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 Auditors' 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 Parent Company and the Parent Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**BDO LLP**

Gareth Jones FCA, (Senior Statutory Auditor)

for and on behalf of  
**BDO LLP**

Statutory Auditor

London  
United Kingdom

Date: 29 April 2019

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

**JERRAM GROUP LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 JULY 2018**

	Note	2018 £000	2017 £000
Turnover		51,914	32,745
Cost of sales		(47,042)	(28,301)
<b>Gross profit</b>		<b>4,872</b>	<b>4,444</b>
Administrative expenses		(4,573)	(4,111)
Other operating income		993	838
Fair value movements		-	(620)
<b>Operating profit</b>	7	<b>1,292</b>	<b>551</b>
Interest receivable		19	6
Other finance costs	11,20	(35)	(42)
<b>Profit before taxation</b>		<b>1,276</b>	<b>515</b>
Tax on profit	12	(181)	38
<b>Profit for the financial year</b>		<b>1,095</b>	<b>553</b>
Actuarial gains on defined benefit pension scheme		265	90
Movement of deferred tax relating to pension (deficit)/surplus		(45)	(15)
Revaluation in the year		-	(213)
<b>Other comprehensive income/(expense) for the year</b>		<b>220</b>	<b>(138)</b>
<b>Total comprehensive income for the year</b>		<b>1,315</b>	<b>415</b>
<b>Profit for the year attributable to:</b>			
Non-controlling interests		61	(21)
Owners of the parent Company		1,034	574
		<b>1,095</b>	<b>553</b>
<b>Total comprehensive income for the year attributable to:</b>			
Non-controlling interest		61	(93)
Owners of the parent Company		1,254	508
		<b>1,315</b>	<b>415</b>

The notes on pages 19 to 43 form part of these financial statements.

**JERRAM GROUP LIMITED**  
**REGISTERED NUMBER: 07884552**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 JULY 2018**

	Note	2018 £000	2017 £000
<b>Fixed assets</b>			
Intangible assets	14	-	62
Tangible assets	15	14,875	14,747
Investment Property	17	18,047	18,222
		<u>32,922</u>	<u>33,031</u>
<b>Current assets</b>			
Stocks	18	6,513	5,081
Debtors: amounts falling due within one year	19	12,094	6,849
Cash at bank and in hand		8,337	6,878
		<u>26,944</u>	<u>18,808</u>
Creditors: amounts falling due within one year	21	(22,386)	(12,687)
<b>Net current assets</b>		<u>4,558</u>	<u>6,121</u>
<b>Total assets less current liabilities</b>		<u>37,480</u>	<u>39,152</u>
Creditors: amounts falling due after more than one year	22	-	(2,593)
<b>Provisions for liabilities</b>			
Deferred taxation	25	(3,576)	(3,440)
		<u>(3,576)</u>	<u>(3,440)</u>
<b>Net assets excluding pension liability</b>		<u>33,904</u>	<u>33,119</u>
Defined benefit pension scheme liability	28	(1,001)	(1,531)
<b>Net assets</b>		<u><u>32,903</u></u>	<u><u>31,588</u></u>

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**JERRAM GROUP LIMITED**  
**REGISTERED NUMBER: 07884552**

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 JULY 2018**

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	<b>Note</b>	<b>2018 £000</b>	<b>2017 £000</b>
<b>Capital and reserves</b>			
Called up share capital	26	100	100
Revaluation reserve	27	26,473	26,472
Other reserves		379	379
Retained earnings		5,384	4,131
<b>Equity attributable to owners of the parent Company</b>		<b>32,336</b>	<b>31,082</b>
Non-controlling interests		567	506
		<b>32,903</b>	<b>31,588</b>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

**J M Jerram**  
Director

Date:  29-04-19

The notes on pages 19 to 43 form part of these financial statements.

**JERRAM GROUP LIMITED**  
**REGISTERED NUMBER: 07884552**

**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 JULY 2018**

	Note	2018 £000	2017 £000
<b>Fixed assets</b>			
Investment property	17	18,000	18,000
Investments	16	614	614
		<u>18,614</u>	<u>18,614</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year		225	-
		<u>225</u>	<u>-</u>
Creditors: amounts falling due within one year	21	(949)	(763)
		<u>(949)</u>	<u>(763)</u>
<b>Net current liabilities</b>		(724)	(763)
<b>Total assets less current liabilities</b>		<u>17,890</u>	<u>17,851</u>
<b>Provisions for liabilities</b>			
Deferred taxation	25	(2,553)	(2,562)
		<u>(2,553)</u>	<u>(2,562)</u>
<b>Net assets</b>		<u>15,337</u>	<u>15,289</u>
<b>Capital and reserves</b>			
Called up share capital	26	100	100
Retained earnings		15,237	15,189
		<u>15,337</u>	<u>15,289</u>

As permitted by section 408 of the Companies Act 2006; the statement of comprehensive expense of the Parent Company is not presented as part of these financial statements. The Parent Company's total comprehensive expense for the financial year was a profit of £48,000 (2017: £195,000).

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

**J M Jerram**  
Director



Date: 29-04-19

The notes on pages 19 to 43 form part of these financial statements.



**JERRAM GROUP LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 JULY 2018**

	Called up share capital	Revaluation reserve	Other reserves	Retained earnings	Shareholders' equity	Non- controlling interests	Total equity
	£000	£000	£000	£000	£000	£000	£000
At 1 August 2017	100	26,472	379	4,131	31,082	506	31,588
<b>Comprehensive income for the year</b>							
Profit for the year	-	-	-	1,034	1,034	61	1,095
Actuarial gains on pension scheme	-	-	-	265	265	-	265
Deferred tax movements	-	-	-	(45)	(45)	-	(45)
Revaluation in the year	-	1	-	(1)	-	-	-
<b>Other comprehensive income for the year</b>	-	1	-	219	220	-	220
<b>Total comprehensive income for the year</b>	-	1	-	1,253	1,254	61	1,315
<b>At 31 July 2018</b>	<b>100</b>	<b>26,473</b>	<b>379</b>	<b>5,384</b>	<b>32,336</b>	<b>567</b>	<b>32,903</b>

The notes on pages 19 to 43 form part of these financial statements.

JERRAM GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 JULY 2017

	Called up share capital	Revaluation reserve	Other reserves	Retained earnings	Shareholders' equity	Non- controlling interests	Total equity
	£000	£000	£000	£000	£000	£000	£000
At 1 August 2016	100	26,801	379	3,294	30,574	599	31,173
<b>Comprehensive income for the year</b>							
Profit for the year	-	-	-	574	574	(21)	553
Actuarial gains on pension scheme	-	-	-	90	90	-	90
Deferred tax movements	-	-	-	(15)	(15)	-	(15)
Revaluation in the year	-	(141)	-	-	(141)	(72)	(213)
Transfer of deferred tax on revaluation	-	(38)	-	38	-	-	-
Transfer of depreciation	-	(150)	-	150	-	-	-
<b>Other comprehensive income for the year</b>	-	(329)	-	263	(66)	(72)	(138)
<b>Total comprehensive income for the year</b>	-	(329)	-	837	508	(93)	415
<b>At 31 July 2017</b>	<b>100</b>	<b>26,472</b>	<b>379</b>	<b>4,131</b>	<b>31,082</b>	<b>506</b>	<b>31,588</b>

The notes on pages 19 to 43 form part of these financial statements.

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**JERRAM GROUP LIMITED**

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**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 JULY 2018**

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	<b>Called up share capital £000</b>	<b>Retained earnings £000</b>	<b>Total equity £000</b>
<b>At 1 August 2016</b>	<b>100</b>	<b>14,994</b>	<b>15,094</b>
<b>Comprehensive income for the year</b>			
Profit for the year	-	195	195
<b>At 1 August 2017</b>	<b>100</b>	<b>15,189</b>	<b>15,289</b>
<b>Comprehensive income for the year</b>			
Profit for the year	-	48	48
<b>At 31 July 2018</b>	<b>100</b>	<b>15,237</b>	<b>15,337</b>

The notes on pages 19 to 43 form part of these financial statements.

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**JERRAM GROUP LIMITED**

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**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 JULY 2018**

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	<b>2018 £000</b>	<b>2017 £000</b>
<b>Cash flows from operating activities</b>		
Profit for the financial year	<b>1,095</b>	<b>553</b>
<b>Adjustments for:</b>		
Depreciation of tangible assets	<b>161</b>	<b>162</b>
Interest payable	<b>35</b>	<b>42</b>
Interest receivable	<b>(19)</b>	<b>(6)</b>
Amortisation	<b>62</b>	<b>62</b>
Fair value loss/( gain) on investment properties	<b>-</b>	<b>620</b>
Loss/(profit) on disposal of tangible assets	<b>29</b>	<b>(175)</b>
Tax	<b>181</b>	<b>(38)</b>
Defined benefit pension scheme contributions paid	<b>(300)</b>	<b>(300)</b>
(Increase) in stocks	<b>(1,432)</b>	<b>(1,569)</b>
(Increase)/decrease in debtors	<b>(5,237)</b>	<b>1,816</b>
Increase in creditors	<b>6,367</b>	<b>451</b>
Interest received	<b>19</b>	<b>6</b>
Corporation tax (paid)/received	<b>(99)</b>	<b>12</b>
<b>Net cash generated from operating activities</b>	<b>862</b>	<b>1,636</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	<b>(309)</b>	<b>(725)</b>
Sale of tangible fixed assets	<b>(9)</b>	<b>622</b>
Sale of investment properties	<b>175</b>	<b>(221)</b>
<b>Net cash from investing activities</b>	<b>(143)</b>	<b>(324)</b>

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**JERRAM GROUP LIMITED**

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**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2018**

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	<b>2018</b> <b>£000</b>	<b>2017</b> <b>£000</b>
<b>Cash flows from financing activities</b>		
Receipt of loans	<b>717</b>	<b>3,893</b>
Repayment of loan facility	<b>-</b>	<b>(2,417)</b>
<b>Net cash generated from financing activities</b>	<b>717</b>	<b>1,476</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,436</b>	<b>2,788</b>
Cash and cash equivalents at beginning of year	<b>6,824</b>	<b>4,036</b>
<b>Cash and cash equivalents at the end of year</b>	<b>8,260</b>	<b>6,824</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	<b>8,337</b>	<b>6,878</b>
Bank overdrafts	<b>(77)</b>	<b>(54)</b>
	<b>8,260</b>	<b>6,824</b>

The notes on pages 19 to 43 form part of these financial statements.

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## JERRAM GROUP LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

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#### 1. General information

Jerram Group Limited is a private Company limited by shares incorporated in the United Kingdom (registered number 07884552). The address of the registered office is given on the company information page. The principal activities of the group are building construction, property development, agricultural and land holdings and the manufacture of purpose made joinery. The principal activity of the company is that of a holding company. The financial statements are prepared in sterling, which is the functional currency of the Group.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

##### 2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and group undertakings. All the group undertakings have the same financial year end except for Ambershire Limited which falls within three months of the group's accounting reference date. These are adjusted, where appropriate, to conform to group accounting policies.

##### 2.3 Going concern

The financial statements have been prepared on a going concern basis. The directors are continually reviewing future projections for the business and the financing arrangements that are in place, and are satisfied that the business will continue to have access to sufficient funds to meet its liabilities.

##### 2.4 Turnover

Turnover includes the invoiced value of sales to third parties including attributable profits and losses for work executed in respect of construction and joinery activities. Turnover from the sale of developed property is recognised when the significant risks and rewards of ownership have been transferred to the buyer, the amount of turnover can be reliably measured and it is probable that the economic benefits associated with the transaction will flow to the Group. The Group also receives turnover in respect of the sale of agricultural goods and services which include farming, livery, document archiving and Christmas products.

Amounts recorded as turnover in respect of long term contracts are ascertained by reference to the value of the work carried out to date.

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## JERRAM GROUP LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

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#### 2. Accounting policies (continued)

##### 2.5 Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all material timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

##### 2.6 Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis.

Lease income in relation to sub-letting of the office is recognised in profit or loss on a straight line basis over the lease term. Where appropriate, the aggregate cost of lease incentives are recognised as a reduction to income over the lease term on a straight-line basis. Any initial direct costs incurred in negotiating and arranging the operating lease are added to the carrying amount of the lease and recognised as an expense over the lease term on the same basis as the lease income.

##### 2.7 Interest income

Interest income is recognised in profit and loss using the effective interest method.

##### 2.8 Finance costs

Finance costs are charged to profit and loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### 2.9 Borrowing costs

All borrowing costs are recognised in profit and loss in the year in which they are incurred.

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## JERRAM GROUP LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

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#### 2. Accounting policies (continued)

##### 2.10 Goodwill

Goodwill arising on consolidation represents the excess of the fair value of consideration transferred over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is recognised as an asset as it represents synergies the Group expects to receive from the acquisition. Goodwill is subsequently amortised over its estimated useful life which is deemed to be ten years from acquisition. If the recoverable amount of the cash generating unit is less than the carrying amount of the investment, the impairment to the related goodwill is recognised in profit or loss.

Goodwill arising on the acquisition of subsidiaries is presented separately in the statement of financial position.

##### 2.11 Tangible fixed assets

Tangible assets are initially recorded at historical (and deemed) cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the useful economic life of that asset as follows:

Depreciation is provided on the following basis:

Freehold property	- 2% Straight line per annum
Plant and machinery	- 10% Straight line per annum
Motor vehicles	- 20% on written down value
Office equipment & fittings	- 5 - 25% Straight line per annum

Freehold land and investment properties are not depreciated.

##### 2.12 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.

##### 2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.



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## JERRAM GROUP LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

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#### 2. Accounting policies (continued)

##### 2.14 Creditors

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

##### 2.15 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at its fair value at the reporting date. The investment properties were valued at 1 December 2015 and 1 June 2017 by professional valuers. Values at 31 July 2018 have been estimated by Directors taking these valuations and market conditions into account. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise. No depreciation is provided on investment properties.

##### 2.16 Fixed asset investments

In the parent company financial statements investments in subsidiaries and associates are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

##### 2.17 Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

##### 2.18 Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is determined principally on the weighted average basis. Net realisable value is the price at which the stock can be realised in the normal course of business. Provision is made for obsolescent, slow moving and defective stocks.

Work in progress relates to capitalised costs on the property development projects.

##### 2.19 Long term contracts

The group's interest in long term contracts is stated as the accumulated cost charged to the contracts plus the attributable net profit or loss and less the amounts billed to customers. The resulting amounts recoverable on contracts are included in debtors. However, where the recorded value of work done is less than receipts, the excess is included in creditors as payments received on account.

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## **JERRAM GROUP LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018**

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#### **2. Accounting policies (continued)**

##### **2.20 Employee benefit**

A Group Personal Pension Plan was set up with effect from 6 April 2006 where individual funds are maintained for each member by financial institutions.

Until 5 April 2006 the group operated a defined contribution pension scheme, the assets of which are held separately from those of the group. Contributions to this scheme used to be charged to the statement of comprehensive income as they became payable.

The group also contributes to a defined benefit pension scheme which is closed to new members and which the future accrual of final salary benefits has ceased. Pension contributions are paid to the scheme in accordance with the recommendations of the scheme actuaries. The scheme is funded, with the assets of the scheme held separately from those of the group, in separate Trustee administered funds.

##### **2.21 Defined benefit plans**

In respect of the defined benefit scheme, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each reporting date. Actuarial gains and losses arising from experience adjustments and changes in assumptions are recognised immediately in other comprehensive income. All costs related to the defined benefit plan are recognised in profit or loss within employee benefit costs.

##### **2.22 Defined contribution plans**

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

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## JERRAM GROUP LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

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#### 2. Accounting policies (continued)

##### 2.23 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit or loss.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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## JERRAM GROUP LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

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#### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

When preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

##### **Valuation of investment properties**

The group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss for the period in which they arise. The directors review the valuation of the properties on an annual basis and, taking the market conditions into account, consider the values included in the accounts to be the fair value of the properties. The current carrying value of the investment properties is £18,047,000 (2017: £18,222,000) as shown in the tangible fixed asset note.

##### **Defined benefit pension**

The present value of the defined benefit pension depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pension benefits include the discount rate. Any changes in these assumptions will have an effect on the carrying amount of pension and other post-employment benefits.

After taking appropriate professional advice, management determines the appropriate discount rate at the end of each reporting period. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, consideration is given to the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits are to be paid and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions relevant to the defined benefit pension are based in part on current market conditions. Additional disclosures concerning these obligations are given in note 26.

##### **Amounts recoverable on contracts**

The valuation of the ongoing construction work as described in the long-term contracts accounting policy could result in a material adjustment to the carrying amount disclosed in debtors. At the year end the balance of amounts recoverable on contracts was £11,080,000 (2017: £6,449,000).

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**JERRAM GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2018**

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**4. Financial risk management**

The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board is responsible for developing and monitoring the Group's risk management strategy and policies. There have been no changes to the Group's exposures to risk or the methods used to measure and manage these risks during the year.

The group has exposure to the following risks from the use of its financial instruments.

**Credit risk management**

Debtors consist mainly of amounts billed and recoverable on building contracts. The group monitors the financial position of their customers on an ongoing basis. The granting of credit is controlled by application and account limits. An allowance is made for specific bad debts and at the reporting date management did not consider there to be any material credit risk exposure.

The directors do not feel the group is exposed to any other significant financial risk.

**5. Turnover**

	<b>2018 £000</b>	<b>2017 £000</b>
Sale of development property	-	1,683
Turnover under construction contracts	<b>50,139</b>	<b>29,259</b>
Sale of services	<b>717</b>	<b>1,033</b>
Sale of agricultural goods and services	<b>1,058</b>	<b>770</b>
	<b>51,914</b>	<b>32,745</b>

**6. Other operating income**

	<b>2018 £000</b>	<b>2017 £000</b>
Rent	<b>954</b>	<b>828</b>
Other	<b>39</b>	<b>10</b>
	<b>993</b>	<b>838</b>

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**JERRAM GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2018**

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**7. Operating profit**

The operating profit is stated after charging:

	<b>2018</b>	<i>2017</i>
	<b>£000</b>	<i>£000</i>
Depreciation on owned fixed assets	<b>161</b>	<i>162</i>
Amortisation of goodwill	<b>62</b>	<i>62</i>
Loss/(profit) on disposal of fixed assets	<b>29</b>	<i>(175)</i>
Stock charged as an expense	<b>707</b>	<i>705</i>
Lease rental payments: motor vehicles	<b>23</b>	<i>21</i>
Auditor's remuneration		
- as auditor	<b>49</b>	<i>48</i>
- as auditor of associated pension scheme	<b>5</b>	<i>5</i>
	<b><u>          </u></b>	<i><u>          </u></i>

**8. Particulars of employees**

	<b>2018</b>	<i>2017</i>
	<b>No</b>	<i>No</i>
Site and construction staff	<b>39</b>	<i>43</i>
Manufacturing staff	<b>6</b>	<i>5</i>
Office and management	<b>54</b>	<i>53</i>
	<b><u>99</u></b>	<i><u>101</u></i>

**9. The aggregate payroll costs of the above were:**

	<b>2018</b>	<i>2017</i>
	<b>£000</b>	<i>£000</i>
Wages and salaries	<b>5,127</b>	<i>4,800</i>
Social security costs	<b>566</b>	<i>495</i>
Other pension costs	<b>375</b>	<i>324</i>
	<b><u>6,068</u></b>	<i><u>5,619</u></i>

Other pension costs are amounts charged to operating profit and do not include amounts credited to finance income and charged to finance costs (see note 11), and amounts recognised in the consolidated statement of comprehensive income.

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**JERRAM GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2018**

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**10. Directors' emoluments**

The directors' aggregate emoluments in respect of qualifying services were:

	<b>2018 £000</b>	<b>2017 £000</b>
Management remuneration	<b>510</b>	<b>470</b>
Value of company pension contributions to money purchase schemes	<b>61</b>	<b>57</b>
Other emoluments	<b>68</b>	<b>67</b>
	<b>639</b>	<b>594</b>

Emoluments of highest paid directors:

	<b>2018 £000</b>	<b>2017 £000</b>
Total emoluments	<b>150</b>	<b>142</b>
Pension contributions	<b>32</b>	<b>30</b>
	<b>182</b>	<b>172</b>

The number of directors who accrued benefits under company pension schemes was as follows:

	<b>2018 No</b>	<b>2017 No</b>
Money purchase schemes	<b>1</b>	<b>1</b>
Defined benefit scheme	<b>1</b>	<b>1</b>
	<b>2</b>	<b>2</b>

The company considers there to be no key management personnel outside of the board of directors.

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**JERRAM GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2018**

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**11. Other finance costs**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Net finance costs in respect of defined benefit pension schemes	<b>35</b>	<b>42</b>
	<b>35</b>	<b>42</b>

**12. Taxation**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
<b>Corporation tax</b>		
Current tax on profits for the year	<b>90</b>	<b>87</b>
<b>Total current tax</b>	<b>90</b>	<b>87</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>91</b>	<b>72</b>
Effect of tax rate change on opening balance	<b>-</b>	<b>(197)</b>
<b>Total deferred tax</b>	<b>91</b>	<b>(125)</b>
<b>Taxation on profit on ordinary activities</b>	<b>181</b>	<b>(38)</b>



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JERRAM GROUP LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2018

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12. Taxation (continued)

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2017 - *lower than*) the standard rate of corporation tax in the UK of 19% (2017 - 19.67%). The differences are explained below:

	2018 £000	2017 £000
Profit on ordinary activities before tax	1,276	515
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.67%)	242	101
<b>Effects of:</b>		
Fixed asset differences	28	(6)
Expenses not deductible for tax purposes	(3)	121
Chargeable gains	(24)	(171)
Additional deduction for R&D	(43)	(46)
Effects of defined benefit adjustment	5	2
Adjust closing deferred tax to average rate of 19%	(17)	(196)
Deferred tax not recognised	(7)	157
<b>Total tax charge for the year</b>	<b>181</b>	<b>(38)</b>

The UK tax rate remained at 19% being effective from 1 April 2017. Deferred tax has remained at 17%.

13. Profit attributable to members of the parent company

The profit after tax of the parent company for the year was £48,000 (2017: £195,000).

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**JERRAM GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2018**

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**14. Goodwill**

**Group**

	<b>Goodwill £000</b>
<b>Cost</b>	
At 1 August 2017	<b>622</b>
At 31 July 2018	<b>622</b>
<b>Amortisation</b>	
At 1 August 2017	<b>560</b>
Charge for the year	<b>62</b>
At 31 July 2018	<b>622</b>
<b>Net book value</b>	
At 31 July 2018	<b>-</b>
At 31 July 2017	<b>62</b>

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**JERRAM GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2018**

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**15. Tangible fixed assets**

**Group**

	<b>Freehold property £000</b>	<b>Plant and machinery £000</b>	<b>Motor vehicles £000</b>	<b>Office equipment &amp; fittings £000</b>	<b>Total £000</b>
<b>Cost or valuation</b>					
At 1 August 2017	13,866	543	382	1,002	15,793
Additions	19	60	-	230	309
Disposals	-	(58)	(60)	(105)	(223)
At 31 July 2018	<u>13,885</u>	<u>545</u>	<u>322</u>	<u>1,127</u>	<u>15,879</u>
<b>Depreciation</b>					
At 1 August 2017	127	358	217	344	1,046
Charge for the year on owned assets	45	30	30	56	161
Disposals	-	(58)	(40)	(105)	(203)
At 31 July 2018	<u>172</u>	<u>330</u>	<u>207</u>	<u>295</u>	<u>1,004</u>
<b>Net book value</b>					
At 31 July 2018	<u>13,713</u>	<u>215</u>	<u>115</u>	<u>832</u>	<u>14,875</u>
At 31 July 2017	<u>13,739</u>	<u>185</u>	<u>165</u>	<u>658</u>	<u>14,747</u>

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## JERRAM GROUP LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

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#### 16. Investments

##### Group

At 31 July 2018, the Group held investments other than loans of £100 (2017: £100).

##### Company

	<b>£000</b>
<b>Cost and net book value</b>	
At 1 August 2017 and at 31 July 2018	<b>614</b>

##### Direct subsidiary undertaking

The following was a direct subsidiary undertaking of the Company:

<b>Name</b>	<b>Registered in</b>	<b>Principal activity</b>	<b>Holding</b>
Jerram Falkus Limited*	England	Holding investments in companies and properties	100%

##### Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the Company:

<b>Name</b>	<b>Registered in</b>	<b>Principal activity</b>	<b>Holding</b>
Falkus Joinery Limited *	England	Bespoke Joinery Manufacture	100%
Jerram Falkus Construction Limited*	England	Building Construction	100%
Jerram Developments Limited*	England	Property Development	100%
William J Jerram Limited	England	Dormant	100%
William J Jerram (Agricultural Investments) Limited*	England	Land Investment	100%
Jerram Property Delivery Limited*	England	Property Development	100%
Ambershire Limited**	England	Farming and Liveries	66%

\* Companies are registered at head office address in the UK: 14 Anning Street, London, EC2A 3LQ.

\*\* Registered office address of Ambershire Limited: Easter Hall, Aythorpe Roding, Dunmow, Essex, CM6 1 PE.

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**JERRAM GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2018**

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**17. Investment property**

**Group**

	<b>Investment property £000</b>
<b>Valuation</b>	
At 1 August 2017	18,222
Disposals	(175)
<b>At 31 July 2018</b>	<b>18,047</b>

The group's investment properties are valued annually on 31 July at fair value by the directors. On 1 December 2015 and 1 June 2017, the valuations were undertaken by Mulluks Wells and Bidwells LLP respectively on an open market basis and in accordance with the Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors. Mulluks Wells and Bidwells LLP are independent and professionally qualified valuers. Details on the assumptions made and the key sources of estimation uncertainty are given in note 3.

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	<b>2018 £000</b>	<b>2017 £000</b>
Historic cost	5,352	5,368
Fair value at the end of the year	18,047	18,222

**Company**

	<b>Investment property £000</b>
<b>Valuation</b>	
At 1 August 2017	18,000
<b>At 31 July 2018</b>	<b>18,000</b>

**JERRAM GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**17. Investment property (continued)**

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	<b>2018</b>	<i>2017</i>
	<b>£000</b>	<i>£000</i>
Historic cost	<b>1,021</b>	<i>1,021</i>
Fair value at the end of the year	<b>18,000</b>	<i>18,000</i>

**18. Stocks**

	<b>Group</b>	<i>Group</i>
	<b>2018</b>	<i>2017</i>
	<b>£000</b>	<i>£000</i>
Raw materials and consumables	<b>300</b>	<i>360</i>
Work in progress	<b>6,213</b>	<i>4,721</i>
	<b>6,513</b>	<i>5,081</i>

**19. Debtors**

	<b>Group</b>	<i>Group</i>	<b>Company</b>	<i>Company</i>
	<b>2018</b>	<i>2017</i>	<b>2018</b>	<i>2017</i>
	<b>£000</b>	<i>£000</i>	<b>£000</b>	<i>£000</i>
Trade debtors	<b>585</b>	<i>189</i>	<b>-</b>	<i>-</i>
Other debtors	<b>275</b>	<i>76</i>	<b>225</b>	<i>-</i>
Amounts recoverable on contracts	<b>11,080</b>	<i>6,449</i>	<b>-</b>	<i>-</i>
Prepayments and accrued income	<b>92</b>	<i>82</i>	<b>-</b>	<i>-</i>
Corporation tax	<b>62</b>	<i>53</i>	<b>-</b>	<i>-</i>
	<b>12,094</b>	<i>6,849</i>	<b>225</b>	<i>-</i>

During the year, Mr M J Jerram, a director and shareholder of the group, utilised the services of Ambershire's Livery business. The full balance remains outstanding at the year end.

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**JERRAM GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2018**

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**20. Cash and cash equivalents**

	<b>Group 2018 £000</b>	<i>Group 2017 £000</i>
Cash at bank and in hand	<b>8,337</b>	<i>6,878</i>
	<b>8,337</b>	<i>6,878</i>

**21. Creditors: Amounts falling due within one year**

	<b>Group 2018 £000</b>	<i>Group 2017 £000</i>	<b>Company 2018 £000</b>	<i>Company 2017 £000</i>
Bank overdrafts	<b>77</b>	<i>54</i>	-	-
Trade creditors	<b>454</b>	<i>391</i>	-	-
Payments on account	<b>2,057</b>	<i>982</i>	-	-
Bank loans	<b>3,893</b>	<i>583</i>	-	-
Amounts owed to group undertakings	-	-	<b>949</b>	<i>763</i>
Other taxation and social security	<b>840</b>	<i>312</i>	-	-
Directors' loan accounts	<b>261</b>	<i>393</i>	-	-
Other creditors	<b>14,515</b>	<i>9,680</i>	-	-
Accruals and deferred income	<b>289</b>	<i>292</i>	-	-
	<b>22,386</b>	<i>12,687</i>	<b>949</b>	<i>763</i>

The overdraft and bank loan facilities are supported by the unlimited guarantees of group undertakings.

On 10 November 2016, a loan totalling £1,300,000 was secured by the parent company, of which £1,300,000 was drawn down at the year end (2017: £583,000). This loan is secured by a charge on properties owned by the group, with interest charged at a floating rate which will never fall below 3%. It was due for repayment in full by way of a single payment on 1 March 2018. The repayment date was extended to the sale of properties and was repaid in full in October 2018.

On 27 July 2017, a loan totalling £2,593,000 was secured and drawn down in total by the parent company. This loan is secured by a charge on properties owned by the group, with interest charged at a floating rate which will never fall below 3%. It is due for repayment in full by way of a single payment on 1 March 2019.

**JERRAM GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**22. Creditors: Amounts falling due after more than one year**

	<b>Group 2018 £000</b>	<i>Group 2017 £000</i>
Bank loans	-	2,593
	<u>-</u>	<u>2,593</u>
	<u>-</u>	<u>2,593</u>

**23. Loans**

	<b>Group 2018 £000</b>	<i>Group 2017 £000</i>
<b>Amounts falling due within one year</b>		
Bank loans	3,893	583
<b>Amounts falling due 1-2 years</b>		
Bank loans	-	2,593
	<u>3,893</u>	<u>3,176</u>
	<u>3,893</u>	<u>3,176</u>

**24. Financial instruments**

	<b>Group 2018 £000</b>	<i>Group 2017 £000</i>	<b>Company 2018 £000</b>	<i>Company 2017 £000</i>
<b>Financial assets</b>				
Financial assets that are debt instruments measured at amortised cost	<u>20,278</u>	<u>13,592</u>	<u>225</u>	<u>-</u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	<u>19,324</u>	<u>13,832</u>	<u>949</u>	<u>763</u>

Financial assets that are debt instruments measured at amortised cost comprise cash, trade debtors, amounts owed by group undertakings, amounts recoverable on contracts, accrued income and other debtors.

Financial liabilities measured at amortised cost comprise overdrafts, trade creditors, amounts owed by group undertakings, directors' loan accounts, bank loans, accruals and other creditors.



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**JERRAM GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**25. Deferred taxation**

**Group**

	<b>2018 £000</b>	<i>2017 £000</i>
At beginning of year	(3,440)	(3,550)
Charged to profit or loss	(91)	125
Charged to other comprehensive income	(45)	(15)
<b>At end of year</b>	<u><u>(3,576)</u></u>	<u><u>(3,440)</u></u>

**Company**

	<b>2018 £000</b>	<i>2017 £000</i>
At beginning of year	(2,562)	(2,731)
Charged to profit or loss	9	169
<b>At end of year</b>	<u><u>(2,553)</u></u>	<u><u>(2,562)</u></u>

The provision for deferred taxation is made up as follows:

	<b>Group 2018 £000</b>	<i>Group 2017 £000</i>	<b>Company 2018 £000</b>	<i>Company 2017 £000</i>
Capital gains	(3,647)	(3,689)	(2,553)	(2,562)
Accelerated capital allowances	(110)	(81)	-	-
Tax losses carried forward	3	65	-	-
Other timing differences	178	265	-	-
	<u><u>(3,576)</u></u>	<u><u>(3,440)</u></u>	<u><u>(2,553)</u></u>	<u><u>(2,562)</u></u>

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**JERRAM GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2018**

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**26. Share capital**

	<b>2018 £000</b>	<b>2017 £000</b>
<b>Allotted, called up and fully paid</b>		
100,000 (2017 - 100,000) Ordinary shares of £1.00 each	<b>100</b>	<b>100</b>

**27. Reserves**

Called up share capital - This reserve records the nominal value received for shares sold. Details of the shares can be found within note 26.

Revaluation reserve - Although not required under the accounting standards, the revaluation reserve remains in order to distinguish between distributable and non-distributable reserves.

Other reserve - This is a reserve on consolidation and reflects adjustments required in respect of historical acquisitions.

Retained earnings - This reserve records retained earnings and accumulated losses.

Non-controlling interest - This reserve records amounts attributable to the non-controlling shareholders of Ambershire Limited.

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## JERRAM GROUP LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

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#### 28. Pension commitments

##### Defined benefit plans

The group previously operated a pension scheme which provided both defined benefit and defined contribution entitlements for those employed on administrative, technical and supervisory duties in the United Kingdom. The assets of the scheme are held separately from those of the company, being invested with financial institutions.

Following consultation with the scheme advisers it was decided to close the Defined Benefit section to future accrual of final salary benefits with effect from 7 April 2002. The scheme retains defined liabilities for deferred pensioners and for those active members as at 5 April 2002 who opted to retain deferred pensions.

Contributions into the Defined Contribution section continued until, following further consultation with the scheme advisers, it was decided to make no further contributions into the scheme with effect from 5 April 2006.

A new Group Personal Pension Plan was set up with effect from 6 April 2006 where individual funds are maintained for each member by financial institutions.

A full actuarial valuation was carried out at 5 April 2014 by a qualified actuary, independent of the scheme's sponsoring employer. In 2018, employer contributions are expected to be £300,000.

Pension benefits depend upon age, length of service and salary level.

An analysis of the changes in the defined benefit section of the scheme during the year and the assumptions used are given below.

Reconciliation of present value of plan liabilities:

	2018 £000	2017 £000
<b>Reconciliation of present value of plan liabilities</b>		
At the beginning of the year	7,071	7,039
Interest cost	174	165
Actuarial (gains)/losses	(163)	203
Benefits paid	(247)	(336)
<b>At the end of the year</b>	<b>6,835</b>	<b>7,071</b>

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**JERRAM GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2018**

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**28. Pension commitments (continued)**

Reconciliation of present value of plan assets:

	<b>2018</b>	<i>2017</i>
	<b>£000</b>	<i>£000</i>
At the beginning of the year	<b>5,540</b>	<i>5,160</i>
Interest income	<b>139</b>	<i>123</i>
Actuarial gains	<b>102</b>	<i>293</i>
Contributions	<b>300</b>	<i>300</i>
Benefits paid	<b>(247)</b>	<i>(336)</i>
<b>At the end of the year</b>	<b>5,834</b>	<i>5,540</i>

Composition of plan assets:

	<b>2018</b>	<i>2017</i>
	<b>£000</b>	<i>£000</i>
Equity	<b>944</b>	<i>825</i>
Diversified Growth Assets	<b>2,934</b>	<i>2,768</i>
Bonds	<b>1,190</b>	<i>1,098</i>
Liability Driven Investment (LDI)	<b>691</b>	<i>786</i>
Cash and other	<b>75</b>	<i>63</i>
<b>Total plan assets</b>	<b>5,834</b>	<i>5,540</i>

	<b>2018</b>	<i>2017</i>
	<b>£000</b>	<i>£000</i>
Fair value of plan assets	<b>5,834</b>	<i>5,540</i>
Present value of plan liabilities	<b>(6,835)</b>	<i>(7,071)</i>
<b>Net pension scheme liability</b>	<b>(1,001)</b>	<i>(1,531)</i>

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**JERRAM GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**28. Pension commitments (continued)**

The amounts recognised in profit or loss are as follows:

	<b>2018 £000</b>	<i>2017 £000</i>
Net interest cost	<b>35</b>	<i>42</i>
Actual return on plan assets	<b>241</b>	<i>416</i>

	<b>2018 £000</b>	<i>2017 £000</i>
<b>Analysis of actuarial loss recognised in Other Comprehensive Income</b>		
Actual return less interest income included in net interest income	<b>102</b>	<i>293</i>
Experience gains and losses arising on the scheme liabilities	<b>(119)</b>	<i>33</i>
Changes in assumptions underlying the present value of the scheme liabilities	<b>282</b>	<i>(236)</i>
	<b>265</b>	<i>90</i>

None of the fair values of the assets shown above include any direct investments in the group's own financial instruments or any property occupied by, or other assets used by, the group.

Principal actuarial assumptions at the Statement of Financial Position date (expressed as weighted averages):

	<b>2018 %</b>	<i>2017 %</i>
Discount rate	<b>2.70</b>	<i>2.50</i>
Future pension in payment increases	<b>3.40</b>	<i>3.40</i>
Future deferred pension increases	<b>3.40</b>	<i>3.40</i>
Inflation assumption (RPI)	<b>3.40</b>	<i>3.40</i>
Mortality rates		
- for a male aged 65 now	<b>21.3 Years</b>	<i>21.5 Years</i>
- at 65 for a male aged 45 now	<b>22.3 Years</b>	<i>22.6 Years</i>
- for a female aged 65 now	<b>23.2 Years</b>	<i>23.5 Years</i>
- at 65 for a female member aged 45 now	<b>24.4 Years</b>	<i>24.8 Years</i>

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**JERRAM GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**29. Operating leases**

The total future minimum lease payments under non-cancellable operating leases are as follows:

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Assets other than land and buildings		
<b>Operating leases which expire:</b>		
Not later than 1 year	<b>9</b>	<b>8</b>
Later than 1 year and not later than 5 years	<b>20</b>	<b>-</b>
	<b>29</b>	<b>8</b>

The total future minimum lease receivables under non-cancellable operating leases are as follows:

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Not later than 1 year	<b>891</b>	<b>861</b>
Later than 1 year and not later than 5 years	<b>2,403</b>	<b>2,804</b>
Later than 5 years	<b>355</b>	<b>843</b>
	<b>3,649</b>	<b>4,508</b>

**30. Related party transactions**

The group has taken advantage of the exemption in Section 33 of FRS 102 disclosing transactions with wholly owned members of the Jerram Group.

On 17 November 2017, the property at Lucas Farm was sold to Mrs G M Jerram (mother of directors W J Jerram and J M Jerram) for £150,000, resulting in a loss of £25,000.

**31. Subsequent events**

On 12 October 2018, 22 October 2018 and 10 January 2019 three of the five properties in the Cannon Hill development had exchanged contracts for £2,336,500. Subsequent to the year end, the directors decided to capitalise the remaining two properties as investment properties and let them out to third parties accordingly.