

**GROUP STRATEGIC REPORT,  
REPORT OF THE DIRECTORS AND  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH APRIL 2018  
FOR  
ROYALTON GROUP HOLDINGS LIMITED**

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FOR THE YEAR ENDED 30TH APRIL 2018

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**ROYALTON GROUP HOLDINGS LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 30TH APRIL 2018**

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**DIRECTORS:**

J D Maxfield  
K R Parker

**REGISTERED OFFICE:**

3000 Cathedral Hill  
Guildford  
Surrey  
GU2 7YB

**REGISTERED NUMBER:**

09014434 (England and Wales)

**AUDITORS:**

Rothmans Audit LLP  
Chartered Accountants & Statutory Auditors  
24 Park Road South  
Havant  
Hampshire  
PO9 1HB

**GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 30TH APRIL 2018**

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The directors present their strategic report of the company and the group for the year ended 30th April 2018.

**REVIEW OF BUSINESS**

The business has traditionally worked in a niche sector of the residential development market designing and building one off high value individual properties. These properties were developed as part of its own speculative build program or in conjunction with a joint venture partner. Moving forward the business is taking its design concepts into larger scale developments with smaller unit sizes.

During the year the Group progressed the construction of Hox Park, a private student accommodation scheme comprising 499 rooms for students at Royal Holloway University, at Magna Carta Park. The Group also undertook the construction of the student clubhouse at Hox Park.

The Group finalised the detailed design for its residential development at Magna Carta Park. This will be a new luxury development in the heart of Surrey set in 57 acres of private parkland. Since the year end the financing has been completed, a contractor appointed and good progress made on site.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The business is exposed to the cyclical nature at the top end of the UK residential market. The group's developments have historically been aimed at a small number of high net worth individuals and factors outside the UK economy can impact on the number of potential buyers. The business model has changed from developing single unit schemes to larger multi-unit schemes.

The business is exposed to the failure of key building contractors. The group mitigates this risk by breaking down contracts into principal sub contracts, closely monitoring the performance of contractors and through market intelligence. Furthermore the group maintains relationships with a number of principle contractors to ensure that in the event of failure by one there would be minimal disruption or delay by securing a replacement. As the business model changes the group is more likely to be more reliant on principal contractors and will undertake detailed financial due diligence on each principal contractor.

The business is exposed to interest rate movement as the majority of the development schemes contain an element of third party funding, short and long term interest movements are closely monitored by the Board. In recent years the company has taken advantage of variable interest rate finance due to the low rates on offer although as interest rates start to move upwards the company will consider increasing the proportion of its borrowing to fixed rates through the use of interest rate hedging instruments.

The business is exposed to movements in house prices. There is speculation in the residential market about house values moving forward in a post Brexit era. The directors monitor the market closely and believe the group is well-positioned to react to market changes, and development opportunities.

The business seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest any cash assets safely and profitably.

**GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 30TH APRIL 2018**

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**KEY PERFORMANCE INDICATORS**

The Board uses a number of key performance indicators to enable a consistent method of analysing performance.

**Gross profit margin for all projects**

Gross profit margins measure the profit achieved on each project after taking into account all direct costs. The group's development schemes are regularly valued and appraised using market research of similar properties and input from third party professional advisors. The direct costs of each development are rigorously reviewed on a monthly basis including a comparison of current costs compared to original budgets and forecasts to complete. For the year ended 30 April 2018, the group generated management fees and traditional development profits, which the directors consider satisfactory.

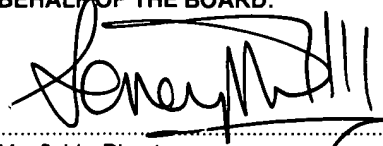
**Cash flow and debt management**

Cash flow and debt management is monitored daily with rolling cash flow forecasts updated monthly and compared to budgets. The group ensures that it has sufficient liquid funds through effective cash management including monitoring working capital needs, keeping a tight rein on expenditure and where applicable matching monthly project cash flow expenditure with funding receipts from third party funding resources. As at the year ended 30 April 2018, the group had cash amounting to £738,235. The group secured financing facilities post year end totalling £80.5m, which the directors consider sufficient to cover the group's costs to complete its developments projects.

**Project completion management**

Forecast development program, completion and sales timescales for all the group's projects are monitored on a monthly basis and reviewed by the Board.

ON BEHALF OF THE BOARD:



J D Maxfield - Director

Date: 18/12/18

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 30TH APRIL 2018**

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The directors present their report with the financial statements of the company and the group for the year ended 30th April 2018.

**PRINCIPAL ACTIVITY**

The principal activity of the group in the year under review was that of property development.

**DIVIDENDS**

No dividends will be distributed for the year ended 30th April 2018.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1st May 2017 to the date of this report.

J D Maxfield  
K R Parker

**DISCLOSURE IN THE STRATEGIC REPORT**

The directors have taken advantage of the option to disclose information relating to the risk exposure and review of the business within the strategic report.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

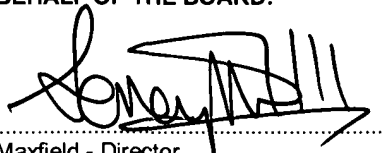
**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

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

**AUDITORS**

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

**ON BEHALF OF THE BOARD:**



J D Maxfield - Director

Date: 18/12/18

## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ROYALTON GROUP HOLDINGS LIMITED

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### Opinion

We have audited the financial statements of Royalton Group Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30th April 2018 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement 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 group's and of the parent company affairs as at 30th April 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 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 group'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 in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
ROYALTON GROUP HOLDINGS LIMITED**

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**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 Report of the Directors.*

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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.

**Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 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 a Report of the Auditors 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 Report of the Auditors.

**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 a Report of the Auditors 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.



Richard Hutchinson FCCA (Senior Statutory Auditor)  
for and on behalf of Rothmans Audit LLP  
Chartered Accountants & Statutory Auditors  
24 Park Road South  
Havant  
Hampshire  
PO9 1HB

Date: 19 December 2018



**ROYALTON GROUP HOLDINGS LIMITED (REGISTERED NUMBER: 09014434)**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30TH APRIL 2018**

	Notes	2018 £	2017 £
<b>TURNOVER</b>	3	2,958,079	12,612,531
Cost of sales		<u>(1,495,677)</u>	<u>(9,228,289)</u>
<b>GROSS PROFIT</b>		1,462,402	3,384,242
Administrative expenses		<u>(1,258,393)</u>	<u>(2,905,730)</u>
<b>OPERATING PROFIT</b>	5	204,009	478,512
Cost of reorganisation	6	-	(305,961)
Profit on sale of subsidiary undertaking	6	<u>-</u>	<u>212,775</u>
		204,009	385,326
Interest receivable and similar income	7	<u>11,955</u>	<u>4,165</u>
<b>PROFIT BEFORE TAXATION</b>		215,964	389,491
Tax on profit	8	<u>(63,661)</u>	<u>(13,794)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		152,303	375,697
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>152,303</u>	<u>375,697</u>
Profit attributable to: Owners of the parent		<u>152,303</u>	<u>375,697</u>
Total comprehensive income attributable to: Owners of the parent		<u>152,303</u>	<u>375,697</u>

The notes on pages 13 to 23 form part of these financial statements

**ROYALTON GROUP HOLDINGS LIMITED (REGISTERED NUMBER: 09014434)**

**CONSOLIDATED BALANCE SHEET  
30TH APRIL 2018**

	Notes	2018 £	2017 £
<b>FIXED ASSETS</b>			
Tangible assets	10	116,467	41,653
Investments	11	<u>40,000</u>	<u>-</u>
		<b>156,467</b>	<b>41,653</b>
<b>CURRENT ASSETS</b>			
Stocks	12	24,951,253	18,726,885
Debtors	13	6,252,806	3,115,488
Cash at bank and in hand		<u>738,235</u>	<u>3,334,535</u>
		<b>31,942,294</b>	<b>25,176,908</b>
<b>CREDITORS</b>			
Amounts falling due within one year	14	<u>31,144,477</u>	<u>6,907,354</u>
<b>NET CURRENT ASSETS</b>		<b>797,817</b>	<b>18,269,554</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>954,284</b>	<b>18,311,207</b>
<b>CREDITORS</b>			
Amounts falling due after more than one year	15	-	(17,528,151)
<b>PROVISIONS FOR LIABILITIES</b>	19	<u>(18,925)</u>	<u>-</u>
<b>NET ASSETS</b>		<b>935,359</b>	<b>783,056</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	78	78
Retained earnings	21	<u>935,281</u>	<u>782,978</u>
<b>SHAREHOLDERS' FUNDS</b>		<b>935,359</b>	<b>783,056</b>

The financial statements were approved by the Board of Directors on 18/12/18 and were signed on its behalf by:

  
J D Maxfield - Director

The notes on pages 13 to 23 form part of these financial statements

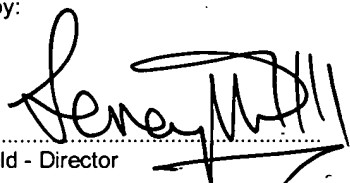
**ROYALTON GROUP HOLDINGS LIMITED (REGISTERED NUMBER: 09014434)**

**COMPANY BALANCE SHEET  
30TH APRIL 2018**

	Notes	2018 £	2017 £
<b>FIXED ASSETS</b>			
Tangible assets	10	-	-
Investments	11	<u>40,955</u>	<u>78</u>
		<b>40,955</b>	<b>78</b>
<b>CURRENT ASSETS</b>			
Debtors	13	<b>100,000</b>	<b>1,200</b>
Cash at bank		<u>2,489</u>	<u>16,989</u>
		<b>102,489</b>	<b>18,189</b>
<b>CREDITORS</b>			
Amounts falling due within one year	14	<u>142,206</u>	<u>113,529</u>
<b>NET CURRENT LIABILITIES</b>		<u><b>(39,717)</b></u>	<u><b>(95,340)</b></u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><b>1,238</b></u>	<u><b>(95,262)</b></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	<b>78</b>	<b>78</b>
Retained earnings	21	<u>1,160</u>	<u>(95,340)</u>
<b>SHAREHOLDERS' FUNDS</b>		<u><b>1,238</b></u>	<u><b>(95,262)</b></u>
Company's profit/(loss) for the financial year		<u><b>96,500</b></u>	<u><b>(75,142)</b></u>

The financial statements were approved by the Board of Directors on 18/12/18 and were signed on its behalf by:

.....  
J D Maxfield - Director



The notes on pages 13 to 23 form part of these financial statements

**ROYALTON GROUP HOLDINGS LIMITED (REGISTERED NUMBER: 09014434)**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH APRIL 2018**

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	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Total equity £</b>
<b>Balance at 1st May 2016</b>	78	407,281	407,359
<b>Changes in equity</b>			
Total comprehensive income	<u>-</u>	<u>375,697</u>	<u>375,697</u>
<b>Balance at 30th April 2017</b>	<u>78</u>	<u>782,978</u>	<u>783,056</u>
<b>Changes in equity</b>			
Total comprehensive income	<u>-</u>	<u>152,303</u>	<u>152,303</u>
<b>Balance at 30th April 2018</b>	<u><u>78</u></u>	<u><u>935,281</u></u>	<u><u>935,359</u></u>

The notes on pages 13 to 23 form part of these financial statements

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**ROYALTON GROUP HOLDINGS LIMITED (REGISTERED NUMBER: 09014434)**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH APRIL 2018**

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	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Total equity £</b>
<b>Balance at 1st May 2016</b>	78	(20,198)	(20,120)
<b>Changes in equity</b>			
Total comprehensive income	<u>-</u>	<u>(75,142)</u>	<u>(75,142)</u>
<b>Balance at 30th April 2017</b>	<u>78</u>	<u>(95,340)</u>	<u>(95,262)</u>
<b>Changes in equity</b>			
Total comprehensive income	<u>-</u>	<u>96,500</u>	<u>96,500</u>
<b>Balance at 30th April 2018</b>	<u><u>78</u></u>	<u><u>1,160</u></u>	<u><u>1,238</u></u>

The notes on pages 13 to 23 form part of these financial statements

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**ROYALTON GROUP HOLDINGS LIMITED (REGISTERED NUMBER: 09014434)**

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30TH APRIL 2018**

	Notes	2018 £	2017 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	25	(2,118,143)	(10,762,319)
Tax paid		-	241,517
Net cash from operating activities		<u>(2,118,143)</u>	<u>(10,520,802)</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(119,748)	(3,147)
Sale of fixed asset investments		-	1
Interest received		<u>2,778</u>	<u>4,165</u>
Net cash from investing activities		<u>(116,970)</u>	<u>1,019</u>
<b>Cash flows from financing activities</b>			
New loans in year		-	16,352,141
Loan repayments in year		(200,000)	(2,993,198)
Amount withdrawn by directors		<u>(161,187)</u>	<u>(285,625)</u>
Net cash from financing activities		<u>(361,187)</u>	<u>13,073,318</u>
<b>Decrease in cash and cash equivalents</b>		<u>(2,596,300)</u>	<u>(2,553,535)</u>
<b>Cash and cash equivalents at beginning of year</b>	26	<u>3,334,535</u>	<u>781,000</u>
<b>Cash and cash equivalents at end of year</b>	26	<u><u>738,235</u></u>	<u><u>3,334,535</u></u>

The notes on pages 13 to 23 form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH APRIL 2018

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1. **STATUTORY INFORMATION**

Royalton Group Holdings Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. **ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements are presented in Sterling (£) and rounded to the nearest pound (£).

**Basis of consolidation**

The group financial statements consolidate the financial statements of the company and its subsidiary undertaking made up to 30th April 2018.

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In the case of the Orchid Group there are severe long term restrictions imposed by NAMA that substantially hinder the rights of Royalton over control and management of the Orchid Group assets and associated fund flows. In these circumstances, after careful consideration of the facts, the directors of Royalton have decided that it is not appropriate to consolidate the Orchid Group into Royalton.

**Significant judgements and estimates**

The preparation of financial statements requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. These judgements, estimates and assumptions are based on management's historical experience, knowledge and other factors including expectations of future events or actions that are believed to be reasonable under the circumstances. Actual results may differ from those amounts estimated.

In preparing these financial statements, management do not believe that they have made any critical judgements in applying the company's accounting policies.

The following are estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Amounts recoverable on contracts - directors assess the carrying value of the amounts recoverable on each contract including an assessment of the likely final contract profitability, the security held by the company, the financial strength of the counterparty and the likelihood of its recoverability.

Amounts owed by group companies and other debtors - the directors assess the likelihood of recovery of amounts due from group companies. Where such balances are considered to be irrecoverable, a provision is made in the accounts.

Work in progress - salary costs and overheads are allocated to each project based on time spent by staff members on each project. These are recharged as a management fee.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30TH APRIL 2018

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2. ACCOUNTING POLICIES - continued

**Turnover**

Turnover comprises sales and management fees rendered at the invoiced amount net of any discounts, rebates and VAT.

**Revenue recognition**

Turnover in respect of long term contracts is assessed on a contract by contract basis, whereby turnover and related costs are reflected in the profit and loss account in accordance with the stage of completion of the contract. Any amount invoiced during the year which exceed the turnover recognised based on stage of completion is deferred to future periods. Where the outcome of each long term contract can be assessed with reasonable certainty before its conclusion, the attributable profit is recognised in the profit and loss account as the difference between the reported turnover and related costs for that period.

Turnover that represents property sales are recognised on unconditional exchange of contracts.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings	- 20% on cost
Computer equipment	- 25% on cost

Tangible fixed assets are included at cost less depreciation and impairment.

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted prospectively if appropriate.

**Stocks**

Stocks relating to work in progress is valued at the lower of cost and net realisable value. They are reviewed for potential impairment and where necessary provision is made for any impairment arising. Costs comprise of direct cost of land, materials, interest and those overheads that have been incurred in bringing stock to its present condition. Net realisable value represents the estimate selling price less all estimated costs of completion and costs to be incurred in marketing and selling.

**Financial instruments**

Financial instruments are recognised in line with Sections 11 and 12 of FRS 102.

Basic financial instruments, such as bank and cash, loans, amounts due to/from group undertakings and trade payables are initially recognised at transactions price, unless they constitute a financing arrangement, when the transaction is measured at the present value of the future receipts/payments discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest rate method.

Derivative financial instruments are initially recorded at cost and thereafter at fair value with changes recognised in profit or loss.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30TH APRIL 2018**

**2. ACCOUNTING POLICIES - continued****Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

**Pension costs and other post-retirement benefits**

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

**3. TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the group.

**4. EMPLOYEES AND DIRECTORS**

	2018	2017
	£	£
Wages and salaries	139,076	1,328,142
Social security costs	136,650	196,808
Other pension costs	<u>23,919</u>	<u>70,142</u>
	<u>299,645</u>	<u>1,595,092</u>

The average number of employees during the year was as follows:

	2018	2017
Directors, management and administration	<u>10</u>	<u>17</u>

	2018	2017
	£	£
Directors' remuneration	87,850	1,198,402
Directors' pension contributions to money purchase schemes	<u>22,900</u>	<u>32,400</u>

The amounts paid to directors in the year total £923,400, of which £835,550 has been included in work in progress as these are direct costs attributable to future management fee income. The residual £87,850 is noted above and has been expensed in the year.

During the year, £760,800 was paid to the highest paid director, of which £675,000 has been included in work in progress as these are direct costs attributable to future management fee income. The residual £85,800 has been noted above that has been expensed in the year.

There is no key management personnel remuneration other than the directors' remuneration above.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30TH APRIL 2018**

**5. OPERATING PROFIT**

The operating profit is stated after charging:

	2018	2017
	£	£
Hire of plant and machinery	-	23,742
Other operating leases	14,400	181,322
Depreciation - owned assets	44,934	26,632
Auditors' remuneration	23,300	18,000
Other non- audit services	-	6,200
Foreign exchange differences	<u>5,746</u>	<u>-</u>

**6. EXCEPTIONAL ITEMS**

	2018	2017
	£	£
Cost of reorganisation	-	(305,961)
Profit on sale of subsidiary undertaking	<u>-</u>	<u>212,775</u>
	<u>-</u>	<u>(93,186)</u>

**7. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2018	2017
	£	£
Deposit account interest	11,543	4,165
Interest on taxation	30	-
Other interest	<u>382</u>	<u>-</u>
	<u>11,955</u>	<u>4,165</u>

**8. TAXATION****Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2018	2017
	£	£
Current tax:		
UK corporation tax	11,974	-
Prior year (over)/under provision	<u>-</u>	<u>(90,087)</u>
Total current tax	11,974	(90,087)
Deferred tax	<u>51,687</u>	<u>103,881</u>
Tax on profit	<u>63,661</u>	<u>13,794</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30TH APRIL 2018

8. TAXATION - continued

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2018 £	2017 £
Profit before tax	<u>215,964</u>	<u>389,491</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.920%)	41,033	77,587
Effects of:		
Expenses not deductible for tax purposes	19,930	19,751
Other adjustments	2,698	(41,183)
Disposal of subsidiary undertaking	-	(42,385)
Expenses from discontinued operations	-	24
Total tax charge	<u>63,661</u>	<u>13,794</u>

9. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

10. TANGIBLE FIXED ASSETS

**Group**

	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>			
At 1st May 2017	72,316	217,728	290,044
Additions	<u>107,963</u>	<u>11,785</u>	<u>119,748</u>
At 30th April 2018	<u>180,279</u>	<u>229,513</u>	<u>409,792</u>
<b>DEPRECIATION</b>			
At 1st May 2017	46,775	201,616	248,391
Charge for year	<u>30,211</u>	<u>14,723</u>	<u>44,934</u>
At 30th April 2018	<u>76,986</u>	<u>216,339</u>	<u>293,325</u>
<b>NET BOOK VALUE</b>			
At 30th April 2018	<u>103,293</u>	<u>13,174</u>	<u>116,467</u>
At 30th April 2017	<u>25,541</u>	<u>16,112</u>	<u>41,653</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30TH APRIL 2018

## 11. FIXED ASSET INVESTMENTS

**Group**

	Other investments £
<b>COST</b>	
Additions	<u>40,000</u>
At 30th April 2018	<u>40,000</u>
<b>NET BOOK VALUE</b>	
At 30th April 2018	<u>40,000</u>

**Company**

	Shares in group undertakings £	Other investments £	Totals £
<b>COST</b>			
At 1st May 2017	78	-	78
Additions	<u>877</u>	<u>40,000</u>	<u>40,877</u>
At 30th April 2018	<u>955</u>	<u>40,000</u>	<u>40,955</u>
<b>NET BOOK VALUE</b>			
At 30th April 2018	<u>955</u>	<u>40,000</u>	<u>40,955</u>
At 30th April 2017	<u>78</u>	<u>-</u>	<u>78</u>

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

**Subsidiaries****Royalton Limited**

Registered office: United Kingdom  
Nature of business: Property development

Class of shares:	%
Ordinary	holding 100.00

**Art Estates Limited**

Registered office: United Kingdom  
Nature of business: Provision of management services

Class of shares:	%
Ordinary	holding 100.00

**Royalton RS Limited**

Registered office: United Kingdom  
Nature of business: Property development

Class of shares:	%
Ordinary	holding 100.00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30TH APRIL 2018

11. FIXED ASSET INVESTMENTS - continued

**Golden Oaks Oxshott LLP**

Registered office: United Kingdom

Nature of business: Property development

Class of shares:	%
Equity	holding 100.00

**Royalton (Hill House) LLP**

Registered office: United Kingdom

Nature of business: Dormant

Class of shares:	%
Equity	holding 100.00

**Royalton 19 Birds Hill LLP**

Registered office: United Kingdom

Nature of business: Dormant

Class of shares:	%
Equity	holding 100.00

**Royalton Developments Ireland Limited**

Registered office: Republic of Ireland

Nature of business: Property development

Class of shares:	%
Ordinary	holding 100.00

12. STOCKS

	Group	
	2018	2017
	£	£
Stocks	<u>24,951,253</u>	<u>18,726,885</u>

Included within work in progress are finance costs totalling £3,805,233 (2017: £1,176,010).

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Trade debtors	3,993	1,441	-	-
Amounts owed by group undertakings	-	-	100,000	-
Other debtors	91,652	133,808	-	-
Amounts owed by connected parties	5,237,659	2,563,099	-	-
Directors' loan accounts	424,221	253,859	-	-
VAT	82,636	58,027	-	1,200
Deferred tax asset	-	32,762	-	-
Prepayments and accrued income	<u>412,645</u>	<u>72,492</u>	<u>-</u>	<u>-</u>
	<u>6,252,806</u>	<u>3,115,488</u>	<u>100,000</u>	<u>1,200</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30TH APRIL 2018

13. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued**

Deferred tax asset

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Accelerated capital allowances	-	(4,221)	-	-
Tax losses carried forward	-	36,983	-	-
	<u>-</u>	<u>32,762</u>	<u>-</u>	<u>-</u>

Financial instruments: Financial assets that are debt instruments are measured at amortised cost and amounts to £6,252,806 (2017: £3,115,488).

14. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Other loans (see note 16)	16,352,141	200,000	-	-
Trade creditors	1,339,901	324,044	-	7,200
Amounts owed to group undertakings	-	-	141,329	101,329
Tax	11,974	-	-	-
Social security and other taxes	71,185	91,261	-	-
Other creditors	109,020	212,353	877	-
Amounts owed to connected parties	9,369,841	5,950,021	-	-
Accruals	3,890,415	129,675	-	5,000
	<u>31,144,477</u>	<u>6,907,354</u>	<u>142,206</u>	<u>113,529</u>

Financial instruments: Financial liabilities are measured at amortised cost and amounts to £31,144,477 (2017: £6,907,354).

15. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	Group	
	2018	2017
	£	£
Other loans (see note 16)	-	16,352,141
Accruals and deferred income	-	1,176,010
	<u>-</u>	<u>17,528,151</u>

16. **LOANS**

An analysis of the maturity of loans is given below:

	Group	
	2018	2017
	£	£
Amounts falling due within one year or on demand:		
Other loans	<u>16,352,141</u>	<u>200,000</u>
Amounts falling due between one and two years:		
Other loans - 1-2 years	<u>-</u>	<u>16,352,141</u>

The loan above relates to loan notes carrying a 15% interest rate and is redeemable in November 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30TH APRIL 2018

17. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Non-cancellable operating leases	
	2018	2017
	£	£
Within one year	52,774	57,357
Between one and five years	183,375	1,837
	<u>236,149</u>	<u>59,194</u>

18. SECURED DEBTS

The following secured debts are included within creditors:

	Group	
	2018	2017
	£	£
Other loans	<u>16,352,141</u>	<u>16,552,141</u>

The other loans noted above relate to Royalton RS Limited and is secured against the freehold title of the development land north of Cooper's Hill Lane, Englefield Green also known as Magna Carta Park.

19. PROVISIONS FOR LIABILITIES

	Group	
	2018	2017
	£	£
Deferred tax		
Accelerated capital allowances	<u>18,925</u>	<u>-</u>

Group

	Deferred tax
	£
Balance at 1st May 2017	(32,762)
Capital allowances in excess of depreciation	14,704
Losses utilised	<u>36,983</u>
Balance at 30th April 2018	<u>18,925</u>

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:  
Number: Class:

	Nominal value:	2018	2017
		£	£
3,939 A Ordinary	1p	39	39
3,939 B Ordinary	1p	<u>39</u>	<u>39</u>
		<u>78</u>	<u>78</u>

All shares carry equal voting rights and rights to participate in any distribution.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30TH APRIL 2018

21. RESERVES

Group

	Retained earnings £
At 1st May 2017	782,978
Profit for the year	<u>152,303</u>
At 30th April 2018	<u>935,281</u>

Company

	Retained earnings £
At 1st May 2017	(95,340)
Profit for the year	<u>96,500</u>
At 30th April 2018	<u>1,160</u>

22. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to directors subsisted during the years ended 30th April 2018 and 30th April 2017:

	2018 £	2017 £
<b>K R Parker</b>		
Balance outstanding at start of year	253,859	(31,766)
Amounts advanced	234,894	569,704
Amounts repaid	(90,000)	(284,079)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>398,753</u>	<u>253,859</u>
<b>J D Maxfield</b>		
Balance outstanding at start of year	-	10,000
Amounts advanced	25,469	-
Amounts repaid	-	(10,000)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>25,469</u>	<u>-</u>

Loans due from directors are charged interest at a rate of 2.5% per annum and are repayable on demand.

23. RELATED PARTY DISCLOSURES

Other related parties

	2018 £	2017 £
Amount due from related party	5,230,250	2,200,000
Amount due to related party	<u>-</u>	<u>200,000</u>



**ROYALTON GROUP HOLDINGS LIMITED (REGISTERED NUMBER: 09014434)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30TH APRIL 2018**

**24. ULTIMATE CONTROLLING PARTY**

K R Parker is the ultimate controlling party by virtue of his ownership in the issued share capital directly and indirectly through Royalton Ventures Limited

**25. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2018	2017
	£	£
Profit before taxation	215,964	389,491
Depreciation charges	44,933	26,633
(Profit)/Loss on the sale of subsidiary	-	(212,775)
Finance income	<u>(11,955)</u>	<u>(4,165)</u>
	248,942	199,184
Increase in stocks	(6,224,368)	(18,049,882)
(Increase)/decrease in trade and other debtors	(2,999,716)	2,759,318
Increase in trade and other creditors	<u>6,856,999</u>	<u>4,329,061</u>
<b>Cash generated from operations</b>	<u><u>(2,118,143)</u></u>	<u><u>(10,762,319)</u></u>

**26. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 30th April 2018**

	30/4/18	1/5/17
	£	£
Cash and cash equivalents	<u>738,235</u>	<u>3,334,535</u>

**Year ended 30th April 2017**

	30/4/17	1/5/16
	£	£
Cash and cash equivalents	<u>3,334,535</u>	<u>781,000</u>

**27. POST BALANCE SHEET EVENTS**

The group secured external financing in October 2018 consisting of a bank facility of £60.5m and loan notes of £20m.

**28. GOING CONCERN**

The financial statements have been prepared on a going concern basis which assumes that the group and company will continue in operational existence for the foreseeable future.

The directors have confirmed the group companies' ongoing support and believe that it is appropriate for the financial statements to be prepared on a going concern basis, given the existing projections and assumptions about future trading.