

Company Registration No. 09985446 (England and Wales)

**CONNOLLY & CALLAGHAN GROUP LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2016**

REGISTRAR OF COMPANIES



# CONNOLLY & CALLAGHAN GROUP LIMITED

## COMPANY INFORMATION

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<b>Director</b>	Mr M B Connolly
<b>Company number</b>	09985446
<b>Registered office</b>	Hamilton House 80 Stokes Croft BRISTOL UK BS1 3QY
<b>Auditor</b>	Broomfield & Alexander Limited Ty Derw Lime Tree Court Cardiff Gate Business Park CARDIFF UK CF23 8AB

# CONNOLLY & CALLAGHAN GROUP LIMITED

## CONTENTS

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	Page
Strategic report	1 - 2
Director's report	3
Director's responsibilities statement	4
Independent auditor's report	5 - 6
Profit and loss account	7
Statement of comprehensive income	8
Group balance sheet	9
Company balance sheet	10
Group statement of changes in equity	11
Company statement of changes in equity	12
Group statement of cash flows	13
Notes to the financial statements	14 - 30

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# **CONNOLLY & CALLAGHAN GROUP LIMITED**

## **STRATEGIC REPORT**

***FOR THE PERIOD ENDED 30 SEPTEMBER 2016***

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The director presents the strategic report for the period ended 30 September 2016.

### **Review of the Business**

The Group is an investment holding company and the principal activity of its subsidiary undertakings continues to be the transaction of property development and the supply of emergency accommodation to local authorities.

### **Review of the Performance**

The results of the Group for the year, as set out on pages 5 to 19, show a profit on ordinary activities before tax of £1,200. The shareholders' funds of the Group total £19,891,556.

The group continued with its strategy of developing Eco housing projects in the South West. During the year several projects were successfully completed which was the primary driver in the growth in subsidiary profits. The demand for emergency accommodation remained high, and the group will continue to work with its local authority partners to provide sufficient supply to meet their needs.

The group is committed to improving and expanding its retained property portfolio. During the year it acquired additional brownfield sites and properties. In addition the group continued with its programme of existing properties refurbishment. In accordance with current accounting standards, the group's property portfolio was subsequently revalued at the year end.

### **Business Environment**

Property values in the South West remain robust which impacts both the supply of land for eco development, and the demand for emergency accommodation.

The group does not foresee any significant alteration to this pattern in the near future. As such the supply of both potential eco sites and suitable emergency accommodation will prove challenging.

### **Strategy**

The Group's success is dependent on the proper selection, pricing and ongoing management of development sites and existing property portfolio.

In the supply of Emergency Accommodation, we have continued to consolidate our position. The Group is committed to refurbishing its existing portfolio and investing in new properties to meet the growing demand.

The Group will continue to seek new eco development opportunities, both for refurbishment projects and brownfield sites in the South West of England.

### **Key Performance Indicators ('KPIs')**

The Group measures its performance depending on the sector of its subsidiary companies. In Eco housing it is based upon the cost per square meter in comparison to conventional build methods.

In Emergency accommodation, the key KPI is that of occupancy rate, which exceeded 95% across all of its property portfolio.

# CONNOLLY & CALLAGHAN GROUP LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE PERIOD ENDED 30 SEPTEMBER 2016**

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### Principle Risks and Uncertainties


The principal risk to the Group is from a deflation in the housing market and fall in demand for emergency accommodation.

The Group monitors property trends and values in the South West, and does not hold significant land banks to guard against significant price adjustments.

In addition, through its ongoing refurbishment programme the group seeks to mitigate a fall in demand through being in a position to transfer its emergency accommodation portfolio to the private sector.

On behalf of the board

.....  
Mr M B Connolly  
Director

  
05/10/2017

# CONNOLLY & CALLAGHAN GROUP LIMITED

## DIRECTOR'S REPORT

**FOR THE PERIOD ENDED 30 SEPTEMBER 2016**

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The director presents his annual report and financial statements for the period ended 30 September 2016.

### Principal activities

The principal activities of the group continued to be that of property developer and provider of Emergency Accommodation. The Group continued with its expansion in to developing sustainable and eco friendly housing which has been the principal contributor to the growth in operating profits during the year.

In accordance with current accounting standards, the group had its property portfolio revalued at the year end.

The group continues in its policy of reinvesting its profits in to new projects and improving its property portfolio.

### Director

The director who held office during the period and up to the date of signature of the financial statements was as follows:

Mr M B Connolly

### Results and dividends

The results for the period are set out on page 7.

No ordinary dividends were paid. The director does not recommend payment of a further dividend.

### Auditor

Broomfield & Alexander Limited were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company and group is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company and group is aware of that information.

### Consolidation

These consolidated financial statements cover the period from 1 June 2016 to the year end as this represents the period from when Connolly & Callaghan Group Limited purchased the share capital of Connolly & Callaghan Limited and Sustainable Britain Limited. Connolly & Callaghan Group Limited was trading prior to this consolidation period from its incorporation on 3 February 2016.

On behalf of the board

.....  
Mr M B Connolly  
Director

05/10/2016



# **CONNOLLY & CALLAGHAN GROUP LIMITED**

## **DIRECTOR'S RESPONSIBILITIES STATEMENT**

**FOR THE PERIOD ENDED 30 SEPTEMBER 2016**

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The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the director is required to:

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

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

# **CONNOLLY & CALLAGHAN GROUP LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF CONNOLLY & CALLAGHAN GROUP LIMITED**

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We have audited the financial statements of Connolly & Callaghan Group Limited for the period ended 30 September 2016 which comprise the Group Profit And Loss Account, the Group Statement of Comprehensive Income, the Group Balance Sheet, the Company Balance Sheet, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of director and auditor**

As explained more fully in the Director's Responsibilities Statement, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 September 2016 and of its profit for the period 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.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Director's Report for the financial period for which the financial statements are prepared is consistent with the financial statements.



# CONNOLLY & CALLAGHAN GROUP LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF CONNOLLY & CALLAGHAN GROUP LIMITED

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#### Matters on which we are required to report by exception

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.



Ian Thomas BSc FCA DChA (Senior Statutory Auditor)  
for and on behalf of Broomfield & Alexander Limited

Chartered Accountants  
Statutory Auditor

14 June 2017

.....  
Ty Derw  
Lime Tree Court  
Cardiff Gate Business Park  
CARDIFF  
UK  
CF23 8AB

# CONNOLLY & CALLAGHAN GROUP LIMITED

## GROUP PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 30 SEPTEMBER 2016

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	Notes	Period ended 30 September 2016 £
Turnover	3	4,020,496
Cost of sales		(1,733,511)
<b>Gross profit</b>		<b>2,286,985</b>
Administrative expenses		(1,354,303)
<b>Operating profit</b>	4	<b>932,682</b>
Interest receivable and similar income	7	31
Interest payable and similar charges	8	(80,523)
<b>Profit before taxation</b>		<b>852,190</b>
Taxation	9	(244,157)
<b>Profit for the financial period</b>		<b>608,033</b>

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The profit and loss account has been prepared on the basis that all operations are continuing operations.

# **CONNOLLY & CALLAGHAN GROUP LIMITED**

## **GROUP STATEMENT OF COMPREHENSIVE INCOME**

***FOR THE PERIOD ENDED 30 SEPTEMBER 2016***

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	<b>Period ended 30 September 2016 £</b>
<b>Profit for the period</b>	<b>608,033</b>
	<hr/>
<b>Other comprehensive income</b>	
Revaluation of tangible fixed assets	611,817
Tax relating to other comprehensive income	(145,794)
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<b>Other comprehensive income for the period</b>	<b>466,023</b>
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<b>Total comprehensive income for the period</b>	<b>1,074,056</b>
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Total comprehensive income for the period is all attributable to the owners of the parent company.

# CONNOLLY & CALLAGHAN GROUP LIMITED

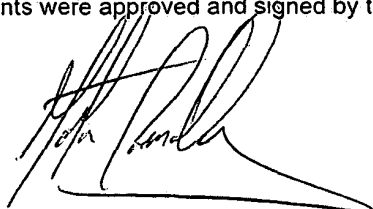
## GROUP BALANCE SHEET

AS AT 30 SEPTEMBER 2016

	Notes	2016 £	£
<b>Fixed assets</b>			
Tangible assets	10	24,143,323	
Investment properties	11	5,520,000	
			29,663,323
<b>Current assets</b>			
Stocks	15	4,218,838	
Debtors	16	2,263,246	
Cash at bank and in hand		258,972	
		6,741,056	
<b>Creditors: amounts falling due within one year</b>	17	(3,761,717)	
<b>Net current assets</b>			2,979,339
<b>Total assets less current liabilities</b>			32,642,662
<b>Creditors: amounts falling due after more than one year</b>	18	(9,458,566)	
<b>Provisions for liabilities</b>	21	(1,692,977)	
<b>Net assets</b>			21,491,119
<b>Capital and reserves</b>			
Called up share capital	23	1,001	
Share premium account		11,351,462	
Revaluation reserve		9,528,038	
Profit and loss reserves		610,618	
<b>Total equity</b>			21,491,119

The financial statements were approved and signed by the director and authorised for issue on 05/10/2017

Mr M B Connolly  
Director



# CONNOLLY & CALLAGHAN GROUP LIMITED

## COMPANY BALANCE SHEET

AS AT 30 SEPTEMBER 2016

	Notes	2016 £	£
<b>Fixed assets</b>			
Tangible assets	10		375
Investments	12		19,891,319
			<u>19,891,694</u>
<b>Current assets</b>			
Debtors	16	124,957	
Creditors: amounts falling due within one year	17	(125,020)	
Net current liabilities			<u>(63)</u>
<b>Total assets less current liabilities</b>			<u>19,891,631</u>
<b>Provisions for liabilities</b>	21		<u>(75)</u>
<b>Net assets</b>			<u><u>19,891,556</u></u>
<b>Capital and reserves</b>			
Called up share capital	23		1,001
Share premium account			19,890,318
Profit and loss reserves			<u>237</u>
<b>Total equity</b>			<u><u>19,891,556</u></u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and signed by the director and authorised for issue on 05/06/2017

.....  
Mr M B Connolly  
Director



Company Registration No. 09985446

# CONNOLLY & CALLAGHAN GROUP LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2016

	Notes	Share capital £	Share premium account £	Revaluation reserve £	Profit and loss reserves £	Total £
<b>Period ended 30 September 2016:</b>						
Profit for the period		-	-	-	608,033	608,033
Other comprehensive income:						
Revaluation of tangible fixed assets		-	-	611,817	-	611,817
Tax relating to other comprehensive income		-	-	(145,794)	-	(145,794)
Total comprehensive income for the period		-	-	466,023	608,033	1,074,056
Issue of share capital	23	1,001	19,890,318	-	-	19,891,319
Transfers		-	-	(2,585)	2,585	-
Other movements		-	(8,538,856)	9,064,600	-	525,744
<b>Balance at 30 September 2016</b>		<b>1,001</b>	<b>11,351,462</b>	<b>9,528,038</b>	<b>610,618</b>	<b>21,491,119</b>

# CONNOLLY & CALLAGHAN GROUP LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 SEPTEMBER 2016

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	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
<b>Period ended 30 September 2016:</b>					
Profit and total comprehensive income for the period		-	-	237	237
Issue of share capital	23	1,001	19,890,318	-	19,891,319
<b>Balance at 30 September 2016</b>		<u>1,001</u>	<u>19,890,318</u>	<u>237</u>	<u>19,891,556</u>

# CONNOLLY & CALLAGHAN GROUP LIMITED

## GROUP STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 SEPTEMBER 2016

	Notes	2016 £	£
<b>Cash flows from operating activities</b>			
Cash absorbed by operations	26	(2,237,658)	
Interest paid		(80,523)	
Income taxes refunded/(paid)		1,822,434	
<b>Net cash outflow from operating activities</b>			(495,747)
<b>Investing activities</b>			
Purchase of tangible fixed assets		(17,114,275)	
Proceeds on disposal of tangible fixed assets		35,122	
Purchase of investment property		(2,080,000)	
Interest received		31	
<b>Net cash used in investing activities</b>			(19,159,122)
<b>Financing activities</b>			
Proceeds from issue of shares		19,891,319	
Payment of finance leases obligations		22,522	
<b>Net cash generated from/(used in) financing activities</b>			19,913,841
<b>Net increase in cash and cash equivalents</b>			258,972
Cash and cash equivalents at beginning of period			-
<b>Cash and cash equivalents at end of period</b>			<u>258,972</u>



# CONNOLLY & CALLAGHAN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2016

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### 1 Accounting policies

#### Company information

Connolly & Callaghan Group Limited ("the company") is a limited company domiciled and incorporated in England and Wales. The registered office is Hamilton House, 80 Stokes Croft, BRISTOL, UK, BS1 3QY.

The group consists of Connolly & Callaghan Group Limited and all of its subsidiaries.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £237.

#### 1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries are accounted for at cost less impairment.

# CONNOLLY & CALLAGHAN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2016

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### 1 Accounting policies (Continued)

The consolidated financial statements incorporate those of Connolly & Callaghan Group Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 30 September 2016. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Connolly & Callaghan Limited, Connolly & Callaghan Investments Limited, Dorville WSM Limited and Sustainable Britain Limited has been included in the group financial statements using the purchase method of accounting. Accordingly, the group profit and loss account and statement of cash flows include the results and cash flows of [Connolly & Callaghan Limited, Connolly & Callaghan Investments Limited, Dorville WSM Limited and Sustainable Britain Limited for the 4 month period from its acquisition on 1 June 2016. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

#### 1.3 Going concern

At the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% straight line
Fixtures and fittings	25% straight line
Motor vehicles	25% straight line

# CONNOLLY & CALLAGHAN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2016

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### 1 Accounting policies (Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

#### 1.6 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured using the fair value model and stated at its fair value as the reporting end date. The surplus or deficit on revaluation is recognised in the profit and loss account.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

#### 1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries 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.

#### 1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

# CONNOLLY & CALLAGHAN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2016

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### 1 Accounting policies (Continued)

#### 1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.11 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

# CONNOLLY & CALLAGHAN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2016

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### 1 Accounting policies (Continued)

#### ***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities, including creditors, bank loans and loans from fellow group are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

### 1.12 Equity instruments

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

### 1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

# CONNOLLY & CALLAGHAN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2016

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### 1 Accounting policies (Continued)

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.14 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

#### **1.15 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### **1.16 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

# CONNOLLY & CALLAGHAN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2016

### 2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### 3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2016 £
<b>Turnover</b>	
Short term rental income	2,837,887
Building & development income	1,182,609
	<u>4,020,496</u>
 <b>Other significant revenue</b>	
Interest income	<u>31</u>

#### Turnover analysed by geographical market

	2016 £
United Kingdom	<u>4,020,496</u>

### 4 Operating profit

	2016 £
Operating profit for the period is stated after charging/(crediting):	
Depreciation of owned tangible fixed assets	302,011
Depreciation of tangible fixed assets held under finance leases	3,262
Profit on disposal of tangible fixed assets	(35,122)
Cost of stocks recognised as an expense	1,326,767
Operating lease charges	<u>194,025</u>

# CONNOLLY & CALLAGHAN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2016

### 5 Auditor's remuneration

	2016 £
Fees payable to the company's auditor and associates:	
For audit services	
Audit of the financial statements of the group and company	2,000
Audit of the company's subsidiaries	20,000
	<u>22,000</u>

### 6 Employees

The average monthly number of persons (including directors) employed by the group during the period was:

2016 Number
<u>57</u>

Their aggregate remuneration comprised:

	2016 £
Wages and salaries	500,099
Social security costs	47,030
Pension costs	1,975
	<u>549,104</u>

### 7 Interest receivable and similar income

	2016 £
Interest income	
Interest on bank deposits	<u>31</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>31</u>
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# CONNOLLY & CALLAGHAN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2016

### 8 Interest payable and similar charges

	2016 £
<b>Interest on financial liabilities measured at amortised cost:</b>	
Interest on bank overdrafts and loans	68,215
Other interest on financial liabilities	12,336
	<u>80,551</u>
<b>Other finance costs:</b>	
Other interest	(28)
	<u>80,523</u>

### 9 Taxation

	2016 £
UK corporation tax on profits for the current period	168,990
	<u>168,990</u>
<b>Deferred tax</b>	
Other adjustments	75,167
	<u>75,167</u>
<b>Total tax charge</b>	<u>244,157</u>

The actual charge for the period can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2016 £
Profit before taxation	852,190
	<u>852,190</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00%	170,438
Tax effect of expenses that are not deductible in determining taxable profit	2,800
Unutilised tax losses carried forward	91
Group relief	16
Permanent capital allowances in excess of depreciation	42,820
Depreciation on assets not qualifying for tax allowances	2,237
Dividend income	(22,000)
Deferred tax timing differences	75,167
Movement on provisions	(1,420)
Consolidation adjustment	(25,992)
	<u>244,157</u>
<b>Tax expense for the period</b>	<u>244,157</u>

# CONNOLLY & CALLAGHAN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2016

### 9 Taxation (Continued)

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2016 £
Deferred tax arising on: Revaluation of property	145,794

### 10 Tangible fixed assets

Group	Freehold land and buildings £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 June 2016	-	-	-	-
Additions	17,032,172	5,587	76,516	17,114,275
Revaluation	7,042,292	-	-	7,042,292
At 30 September 2016	24,074,464	5,587	76,516	24,156,567
<b>Depreciation and impairment</b>				
At 1 June 2016	-	-	-	-
Depreciation charged in the period	292,029	1,331	11,913	305,273
Revaluation	(292,029)	-	-	(292,029)
At 30 September 2016	-	1,331	11,913	13,244
<b>Carrying amount</b>				
At 30 September 2016	24,074,464	4,256	64,603	24,143,323

# CONNOLLY & CALLAGHAN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2016

### 10 Tangible fixed assets (Continued)

Company	Fixtures and fittings
	£
<b>Cost</b>	
At 1 June 2016	-
Additions	450
	<u>450</u>
At 30 September 2016	<u>450</u>
<b>Depreciation and impairment</b>	
At 1 June 2016	-
Depreciation charged in the period	75
	<u>75</u>
At 30 September 2016	<u>75</u>
<b>Carrying amount</b>	
At 30 September 2016	<u><u>375</u></u>

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2016 £	Company 2016 £
Motor vehicles	<u>26,440</u>	<u>-</u>
Depreciation charge for the period in respect of leased assets	<u>3,262</u>	<u>-</u>

### 11 Investment property

	Group 2016 £	Company 2016 £
<b>Fair value</b>		
At 1 June 2016 and 30 September 2016	-	-
Additions through external acquisition	2,080,000	-
Net gains or losses through fair value adjustments	3,440,000	-
	<u>5,520,000</u>	<u>-</u>
At 30 September 2016	<u><u>5,520,000</u></u>	<u><u>-</u></u>

Investment property comprises four fifths of the Hamilton House building. The fair value of the investment property has been arrived at on the basis of a valuation carried out at 27 September 2016 by Jones Lang LaSelle Limited, who are not connected with the company. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

# CONNOLLY & CALLAGHAN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2016

### 12 Fixed asset investments

	Notes	Group 2016 £	Company 2016 £
Investments in subsidiaries	13	-	19,891,319

### 13 Subsidiaries

Details of the company's subsidiaries at 30 September 2016 are as follows:

Name of undertaking and country of incorporation or residency		Nature of business	Class of shareholding	% Held Direct Indirect	
Connolly & Callaghan Limited	United Kingdom	Provision of accommodation for homeless families	Ordinary	100.00	
Connolly & Callaghan Investments Limited	United Kingdom	Property Investment	Ordinary		100.00
Dorville WSM Limited	United Kingdom	Property Investment	Ordinary		100.00
Sustainable Britain Limited	United Kingdom	Construction of sustainable housing	Ordinary	100.00	

### 14 Financial instruments

	Group 2016 £	Company 2016 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	1,968,278	124,957
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	12,380,342	118,383

### 15 Stocks

	Group 2016 £	Company 2016 £
Work in progress	4,211,739	-
Finished goods and goods for resale	7,099	-
	4,218,838	-

# CONNOLLY & CALLAGHAN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2016

### 16 Debtors

	Group 2016 £	Company 2016 £
Amounts falling due within one year:		
Trade debtors	1,070,834	-
Corporation tax recoverable	29,260	-
Other debtors	897,444	124,957
Prepayments and accrued income	265,708	-
	<u>2,263,246</u>	<u>124,957</u>

### 17 Creditors: amounts falling due within one year

	Notes	Group 2016 £	Company 2016 £
Obligations under finance leases	20	13,177	-
Trade creditors		447,057	11,698
Amounts due to group undertakings		399,001	-
Corporation tax payable		548,668	888
Other taxation and social security		291,273	5,749
Other creditors		2,017,215	106,685
Accruals and deferred income		45,326	-
		<u>3,761,717</u>	<u>125,020</u>

### 18 Creditors: amounts falling due after more than one year

	Notes	Group 2016 £	Company 2016 £
Bank loans and overdrafts	19	9,449,194	-
Obligations under finance leases	20	9,372	-
		<u>9,458,566</u>	<u>-</u>

### 19 Loans and overdrafts

	Group 2016 £	Company 2016 £
Bank loans	<u>9,449,194</u>	<u>-</u>
Payable after one year	<u>9,449,194</u>	<u>-</u>

# CONNOLLY & CALLAGHAN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2016

### 19 Loans and overdrafts (Continued)

The long-term loans are secured by fixed charges over the freehold and investment property and interest is charged at a rate of the Barclays base rate plus 2.15% per annum.

### 20 Finance lease obligations

	Group 2016 £	Company 2016 £
Future minimum lease payments due under finance leases:		
Within one year	13,177	-
In two to five years	9,372	-
	<u>22,549</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group for certain motor vehicles. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 1.5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

### 21 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2016 £
<b>Group</b>	
Accelerated capital allowances	142,812
Revaluations	1,221,484
Investment property	328,681
	<u>1,692,977</u>
	Liabilities 2016 £
<b>Company</b>	
Accelerated capital allowances	<u>75</u>

# CONNOLLY & CALLAGHAN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2016

### 21 Deferred taxation (Continued)

	Group 2016 £	Company 2016 £
<b>Movements in the period:</b>		
Liability at 1 June 2016	-	-
Charge to profit or loss	604,948	75
Charge to other comprehensive income	1,221,484	-
Other	(133,455)	-
Liability at 30 September 2016	<u>1,692,977</u>	<u>75</u>

The deferred tax liability relating to advanced capital allowances set out above is expected to reverse in line with the depreciation policy of the assets it relates to. The liability relating to revaluations and investment property will not crystallise until the re-valued assets are sold.

### 22 Retirement benefit schemes

	2016 £
<b>Defined contribution schemes</b>	
Charge to profit or loss in respect of defined contribution schemes	<u>1,975</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

### 23 Share capital

	Group and company 2016 £
<b>Ordinary share capital</b>	
<b>Issued and fully paid</b>	
1,001 Ordinary of £1 each	<u>1,001</u>
	<u>1,001</u>
<b>Reconciliation of movements during the period:</b>	
	<b>Ordinary share capital Number</b>
At 1 June 2016	-
Issue of fully paid shares	<u>1,001</u>
At 30 September 2016	<u>1,001</u>

# CONNOLLY & CALLAGHAN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2016

### 24 Operating lease commitments

#### Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2016 £	Company 2016 £
Within one year	182,176	-
Between two and five years	20,535	-
	<u>202,711</u>	<u>-</u>

### 25 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2016 £	Company 2016 £
Acquisition of property, plant and equipment	<u>850,000</u>	<u>-</u>

A commitment for Connolly & Callaghan Limited to purchase the freehold land with vacant possession of the former residential care home at Ableton Court, Ableton Lane, BS35 4PY was made prior to the year end.



# CONNOLLY & CALLAGHAN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE PERIOD ENDED 30 SEPTEMBER 2016**

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**26 Cash generated from group operations**

	<b>2016</b>
	<b>£</b>
Profit for the year after tax	608,033
Adjustments for:	
Taxation charged	244,157
Finance costs	80,523
Investment income	(31)
Gain on disposal of tangible fixed assets	(35,122)
Depreciation and impairment of tangible fixed assets	305,273
(Decrease) in provisions	(187,539)
Movements in working capital:	
(Increase) in stocks	(4,218,838)
(Increase) in debtors	(2,233,986)
Increase in creditors	3,199,872
<b>Cash absorbed by operations</b>	<b>(2,237,658)</b>