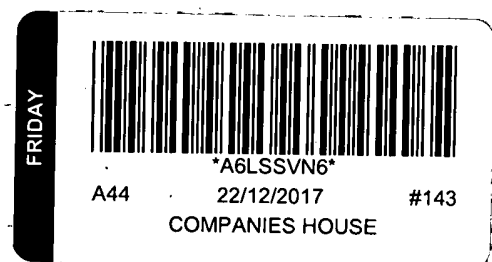


Registered number: 10377291

321 Friel Limited

Director's Report and Financial Statements

For the Period Ended 31 March 2017



DAINS
ACCOUNTANTS

321 Friel Limited

Company Information

Directors	W D Friel (appointed 15 September 2016) P H Friel (appointed 15 September 2016, resigned 10 November 2016)
Registered number	10377291
Registered office	Newtack Farm Walsall Road Great Wyrley Walsall WS6 6AP
Independent auditors	Dains LLP 15 Colmore Row Birmingham B3 2BH

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**Group Strategic Report
For the Period Ended 31 March 2017**

Introduction

Following the incorporation of the company, the shareholders entered into a share for share exchange resulting in 321 Friel Limited becoming the ultimate parent undertaking of the Friel Holdings Limited group consisting of Friel Construction Limited and Friel Retirement Living Limited (previously Friel Homes Limited).

Having undertaken this group reorganisation and prepared consolidated accounts on the basis of using merger accounting the results for this period reflect the years results for the group and as if the group structure has always been in place.

Business review of the subsidiary companies

The director is pleased with the overall performance of the business for the period. Turnover has remained consistent at £20m.

During the previous year, the directors invested in significant amounts of plant and equipment to help service future order book and replace existing machinery.

Despite this year's results, the ongoing competition for the turnover and pricing the work at a profitable level remains one of the key challenges for the business.

The group's key performance indicators are that of turnover, gross and net profit and current ratio. All of which are monitored by management and the directors are pleased with this years performance when measured against these.

Principal risks and uncertainties

The primary risks facing the business are that of the financial and cashflow risks due to inherent uncertainties within the industry.

The director firmly believes they work well with both suppliers and customers to help mitigate these risks whilst ensuring the ability to maintain an excellent reputation for quality and delivery of work within the market place.

This report was approved by the board on 19 December 2017 and signed on its behalf.


W D Friel
Director

**Director's Report
For the Period Ended 31 March 2017**

The director presents his report and the financial statements for the period ended 31 March 2017.

Director's responsibilities statement

The director is responsible for preparing the Group Strategic Report, the Director's Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the 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 Company and the Group 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 for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

Principal activity

The Company was incorporated on 15 September 2016 and its principal activity is that of a holding company.

The principal activity of the Group is that of the construction and sale of private dwellings and the provision of labour and materials to building contractors for the construction of private dwellings.

Results and dividends

The profit for the period, after taxation, amounted to £784,610 (2016 - £4,902,441).

The directors have chosen not to declare a dividend.

Directors

The directors who served during the period were:

W D Friel (appointed 15 September 2016)

P H Friel (appointed 15 September 2016, resigned 10 November 2016)

Future developments

The director expects the general level of activity to remain consistent with 2017 in the forthcoming year. This is as a result of the current outlook following a review of our ongoing order book and as a result of political pressures to provide more housing across the country.

Director's Report (continued)
For the Period Ended 31 March 2017

Disclosure of information to auditors

The director at the time when this Director's Report is approved has confirmed that:

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

Post balance sheet events

There have been no significant events affecting the Group since the year end.

Auditors

The auditors, Dains LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 19 December 2017 and signed on its behalf.



W D Friel
Director

Independent Auditors' Report to the Members of 321 Friel Limited

We have audited the financial statements of 321 Friel Limited for the period ended 31 March 2017, set out on pages 6 to 28. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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 Directors and Auditors

As explained more fully in the Director's Responsibilities Statement on page 2, 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 Financial Reporting Council'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 Group Strategic Report and the Director's 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 31 March 2017 and of the Group's 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.

Independent Auditors' Report to the Members of 321 Friel Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

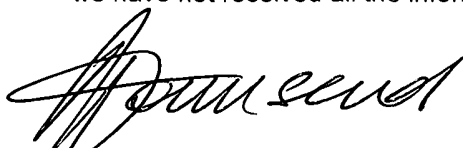
In our opinion, based on the work undertaken in the course of the audit, the information given in the Group Strategic Report and the Director's Report for the financial period for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report and the Director's Report.

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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Julian Townsend ACA FCCA (Senior Statutory Auditor)

for and on behalf of

Dains LLP

Statutory Auditor
Chartered Accountants

Birmingham

19 December 2017

Consolidated Profit and Loss Account
For the Period Ended 31 March 2017

	Note	2017 £	2016 £
Turnover	4	20,063,282	20,121,059
Cost of sales		(17,639,335)	(12,694,159)
Gross profit		2,423,947	7,426,900
Administrative expenses		(1,449,814)	(1,298,622)
Operating profit	5	974,133	6,128,278
Interest receivable and similar income	9	2,580	-
Interest payable and similar expenses	10	(977)	(7,716)
Profit before tax		975,736	6,120,562
Tax on profit	11	(191,126)	(1,218,121)
Profit for the financial period		784,610	4,902,441
Profit for the period attributable to:			
Owners of the parent		784,610	4,902,441
		784,610	4,902,441

The notes on pages 13 to 28 form part of these financial statements.

Consolidated Statement of Comprehensive Income
For the Period Ended 31 March 2017

	Note	2017 £	2016 £
Profit for the financial period		784,610	4,902,441
Total comprehensive income for the period		784,610	4,902,441
Profit for the period attributable to:			
Owners of the parent Company		784,610	4,902,441
		784,610	4,902,441
Total comprehensive income attributable to:			
Owners of the parent Company		784,610	4,902,441
		784,610	4,902,441

Consolidated Balance Sheet
As at 31 March 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	13	3,962,659	3,914,751
		<u>3,962,659</u>	<u>3,914,751</u>
Current assets			
Stocks	15	3,663,560	3,714,644
Debtors: amounts falling due after more than one year	16	117,236	-
Debtors: amounts falling due within one year	16	8,522,522	6,173,446
Cash at bank and in hand	17	62,624	1,936,844
		<u>12,365,942</u>	<u>11,824,934</u>
Creditors: amounts falling due within one year	18	(10,631,081)	(3,393,895)
Net current assets		<u>1,734,861</u>	<u>8,431,039</u>
Total assets less current liabilities		<u>5,697,520</u>	<u>12,345,790</u>
Creditors: amounts falling due after more than one year	19	(130,608)	-
Provisions for liabilities			
Deferred taxation	22	(141,805)	(181,531)
Other provisions	23	(93,914)	(117,676)
		<u>(235,719)</u>	<u>(299,207)</u>
Net assets		<u>5,331,193</u>	<u>12,046,583</u>
Capital and reserves			
Called up share capital	24	7,500,500	4
Merger reserve	25	(15,000,496)	-
Profit and loss account	25	12,831,189	12,046,579
		<u>5,331,193</u>	<u>12,046,583</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 December 2017.


W D Friel
 Director

The notes on pages 13 to 28 form part of these financial statements.

321 Friel Limited
Registered number:10377291

Company Balance Sheet
As at 31 March 2017

	Note	2017 £
Fixed assets		
Investments	14	<u>15,000,500</u>
		15,000,500
Creditors: amounts falling due within one year	18	<u>(7,500,000)</u>
Net current (liabilities)/assets		<u>(7,500,000)</u>
Total assets less current liabilities		<u>7,500,500</u>
Net assets		<u><u>7,500,500</u></u>
Capital and reserves		
Called up share capital	24	<u>7,500,500</u>
		<u><u>7,500,500</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 December 2017.



W D Friel
Director

**Consolidated Statement of Changes in Equity
For the Period Ended 31 March 2017**

	Called up share capital	Merger reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2016	4	-	12,046,579	12,046,583
Comprehensive income for the period				
Profit for the period	-	-	784,610	784,610
Net movement in shares issued during the period and amounts as previously reported in subsidiaries	15,000,496	-	-	15,000,496
Capital reduction of preference shares	(7,500,000)	-	-	(7,500,000)
Merger reserve	-	(15,000,496)	-	(15,000,496)
At 31 March 2017	7,500,500	(15,000,496)	12,831,189	5,331,193

**Consolidated Statement of Changes in Equity
For the Period Ended 31 March 2016**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2015	4	7,244,138	7,244,142
Comprehensive income for the year			
Profit for the year	-	4,902,441	4,902,441
Dividends: Equity capital	-	(100,000)	(100,000)
At 31 March 2016	4	12,046,579	12,046,583

The notes on pages 13 to 28 form part of these financial statements.

**Company Statement of Changes in Equity
For the Period Ended 31 March 2017**

	Called up share capital £	Total equity £
Profit for the period	-	-
Shares issued during the period	15,000,500	15,000,500
Capital reduction of preference shares	(7,500,000)	(7,500,000)
At 31 March 2017	<u><u>7,500,500</u></u>	<u><u>7,500,500</u></u>

Consolidated Statement of Cash Flows
For the Period Ended 31 March 2017

	2017 £	2016 £
Cash flows from operating activities		
Profit for the financial period	784,610	4,902,441
Adjustments for:		
Depreciation of tangible assets	1,054,359	905,900
Loss on disposal of tangible assets	(41,234)	(83,914)
Interest paid	977	7,716
Interest received	(2,580)	-
Taxation charge	191,126	1,218,121
Decrease/(increase) in stocks	51,084	(2,514,644)
(Increase) in debtors	(2,427,161)	(2,162,113)
Increase in creditors	7,853,096	735,463
(Decrease)/increase in provisions	(23,762)	9,960
Corporation tax (paid)	(1,050,236)	(724,493)
Net cash generated from operating activities	6,390,279	2,294,437
Cash flows from investing activities		
Purchase of tangible fixed assets	(859,505)	(2,093,955)
Sale of tangible fixed assets	222,866	234,118
Interest received	2,580	-
HP interest paid	(977)	(7,716)
Net cash from investing activities	(635,036)	(1,867,553)
Cash flows from financing activities		
Capital reduction of preference shares	(7,500,000)	-
Repayment of/new finance leases	(129,463)	(229,608)
Dividends paid	-	(100,000)
Net cash used in financing activities	(7,629,463)	(329,608)
Net (decrease)/increase in cash and cash equivalents	(1,874,220)	97,276
Cash and cash equivalents at beginning of period	1,936,844	1,839,568
Cash and cash equivalents at the end of period	62,624	1,936,844
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	62,624	1,936,844
	62,624	1,936,844

**Notes to the Financial Statements
For the Period Ended 31 March 2017**

1. General information

321 Friel Limited is a company incorporated in England and Wales. The registered address of the company can be found in the company information section within these financial statements. The principal activity of the company is that of a holding company. The principal activity of the group is that of the construction and sale of private dwellings and the provision of labour and materials to building contractors for the construction of private dwellings.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of the business combinations using the merger accounting method. The results of the subsidiaries are presented as if the merger had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholders at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting balance is shown in a merger reserve.

2.3 Going concern

The financial statements are prepared on a going concern basis which the directors believe to be appropriate as profit and loss and cash flow forecasts prepared by directors for the foreseeable future, which assume the ongoing availability of the current banking facilities and loans, indicate that the company will have adequate funding in place to enable to meet its day to day expenditure for at least 12 months from the date of approval of these financial statements.

**Notes to the Financial Statements
For the Period Ended 31 March 2017**

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Revenue from the sale of houses is recognised when sales are legally completed.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Leasehold property	-	20% straight line
Plant and machinery	-	25% reducing balance
Motor vehicles	-	25% reducing balance
Fixtures and fittings	-	25% reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Profit and Loss Account.

**Notes to the Financial Statements
For the Period Ended 31 March 2017**

2. Accounting policies (continued)

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

2.7 Stocks and work in progress

Stocks and work in progress is valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

Land held for development, including land in the course of development, is initially recorded at cost. Regular reviews are carried out to identify any impairment in the value of the land considering the existing use value of the land and the likelihood of achieving a planning consent and the value thereof. Provision is made to reflect any irrecoverable amounts.

2.8 Debtors

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

2.9 Cash and cash equivalents

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

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

2.10 Financial instruments

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

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

**Notes to the Financial Statements
For the Period Ended 31 March 2017**

2. Accounting policies (continued)

2.11 Creditors

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

2.12 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.13 Operating leases

Rentals paid under operating leases are charged to the Consolidated Profit and Loss Account on a straight line basis over the lease term.

2.14 Leased assets

Assets obtained under hire purchase contract and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Consolidated Profit and Loss Account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.15 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.16 Interest income

Interest income is recognised in the Consolidated Profit and Loss Account using the effective interest method.

**Notes to the Financial Statements
For the Period Ended 31 March 2017**

2. Accounting policies (continued)

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Profit and Loss Account in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.18 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Consolidated Profit and Loss Account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Notes to the Financial Statements
For the Period Ended 31 March 2017

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

The preparation of the financial statements in conformity with generally accepted accounting principles requires directors to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results in the future could differ from those estimates. In this regard, the Directors believe that the critical accounting policies where judgements or estimating are necessarily applied are summarised below.

Depreciation and residual values

The Directors have reviewed the asset lives and associated residual values of all fixed asset classes, and in particular, the useful economic life and residual values of office equipment, and have concluded that asset lives and residual values are appropriate.

4. Turnover

The whole of the turnover is attributable to the group's principal activity.

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	1,054,358	905,900
Fees payable to the Group's auditor for the audit of the Company's annual financial statements	2,500	-
Other operating lease rentals	60,000	60,000
Defined contribution pension cost	28,978	100,744
	<u>1,145,836</u>	<u>1,066,644</u>

6. Auditors' remuneration

	2017 £	2016 £
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	14,500	10,600
Fees payable to the Group's auditor in respect of:		
Taxation compliance services	3,000	1,300
	<u>17,500</u>	<u>11,900</u>

Notes to the Financial Statements
For the Period Ended 31 March 2017

7. Employees

Staff costs, including director's remuneration, were as follows:

	Group 2017 £	Group 2016 £	Company 2017 £
Wages and salaries	803,146	734,182	-
Social security costs	69,693	61,064	-
Cost of defined contribution scheme	28,978	100,744	-
	901,817	895,990	-

The average monthly number of employees, including the director, during the period was as follows:

	2017 No.	2016 No.
Construction	5	4
Management and administration	12	9
	17	13

8. Director's remuneration

	2017 £	2016 £
Director's emoluments	206,189	235,010
Company contributions to defined contribution pension schemes	-	75,000
	206,189	310,010

During the period retirement benefits were accruing to no directors (2016 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £126,877 (2016 - £153,677).

9. Interest receivable

	2017 £	2016 £
Other interest receivable	2,580	-
	2,580	-

Notes to the Financial Statements
For the Period Ended 31 March 2017

10. Interest payable and similar charges

	2017 £	2016 £
Finance leases and hire purchase contracts	977	7,716
	977	7,716

11. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	230,852	1,180,236
	230,852	1,180,236
Total current tax	230,852	1,180,236
Deferred tax		
Origination and reversal of timing differences	(39,726)	37,885
Total deferred tax	(39,726)	37,885
Taxation on profit on ordinary activities	191,126	1,218,121

Notes to the Financial Statements
For the Period Ended 31 March 2017

11. Taxation (continued)

Factors affecting tax charge for the period/year

The tax assessed for the period/year is higher than (2016 - lower than) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	<u>975,736</u>	<u>6,120,562</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	195,147	1,224,112
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	88,817	3,560
Capital allowances for period/year in excess of depreciation	124	196
Income not taxable for tax purpose	(77,493)	-
Changes in provisions leading to an increase (decrease) in the tax charge	(15,469)	(9,554)
Other differences leading to an increase (decrease) in the tax charge	-	(193)
Total tax charge for the period/year	<u>191,126</u>	<u>1,218,121</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

12. Dividends

	2017 £	2016 £
Dividends paid	-	100,000
	<u>-</u>	<u>100,000</u>

Notes to the Financial Statements
For the Period Ended 31 March 2017

13. Tangible fixed assets**Group**

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 April 2016	155,297	6,422,929	1,042,146	367,781	7,988,153
Additions	-	965,164	303,269	15,467	1,283,900
Disposals	-	(326,062)	(269,512)	(276,181)	(871,755)
At 31 March 2017	155,297	7,062,031	1,075,903	107,067	8,400,298
Depreciation					
At 1 April 2016	155,297	3,071,277	519,089	327,739	4,073,402
Charge for the period on owned assets	-	902,699	140,737	10,923	1,054,359
Disposals	-	(254,665)	(168,654)	(266,803)	(690,122)
At 31 March 2017	155,297	3,719,311	491,172	71,859	4,437,639
Net book value					
At 31 March 2017	-	3,342,720	584,731	35,208	3,962,659
At 31 March 2016	-	3,351,652	523,057	40,042	3,914,751

**Notes to the Financial Statements
For the Period Ended 31 March 2017**

14. Fixed asset investments**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Friel Holdings Limited	Ordinary	100 %	Dormant
Friel Construction Limited *	Ordinary	100 %	Provide labour and materials to building contractors
Friel Retirement Living Limited (previously Friel Homes Limited) *	Ordinary	100 %	Dormant

* indicates and indirect holding

Company

	Investments in subsidiary companies £
Cost or valuation	
Additions	15,000,500
At 31 March 2017	15,000,500
Net book value	
At 31 March 2017	15,000,500

15. Stocks

	Group 2017 £	Group 2016 £	Company 2017 £
Land stocks and work in progress	3,663,560	3,714,644	-
	3,663,560	3,714,644	-

Notes to the Financial Statements
For the Period Ended 31 March 2017

16. Debtors

	Group 2017 £	Group 2016 £	Company 2017 £
Due after more than one year			
Other debtors	117,236	-	-
	<u>117,236</u>	<u>-</u>	<u>-</u>
	Group 2017 £	Group 2016 £	Company 2017 £
Due within one year			
Trade debtors	4,054,930	3,970,497	-
Other debtors	4,283,900	2,035,726	-
Prepayments and accrued income	183,692	167,223	-
	<u>8,522,522</u>	<u>6,173,446</u>	<u>-</u>

17. Cash and cash equivalents

	Group 2017 £	Group 2016 £	Company 2017 £
Cash at bank and in hand	62,624	1,936,844	-
	<u>62,624</u>	<u>1,936,844</u>	<u>-</u>

18. Creditors: Amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £
Trade creditors	2,536,411	2,208,378	-
Corporation tax	-	780,236	-
Other taxation and social security	284,506	279,014	-
Obligations under finance lease and hire purchase contracts	164,324	-	-
Other creditors	7,504,307	2,657	7,500,000
Accruals and deferred income	141,533	123,610	-
	<u>10,631,081</u>	<u>3,393,895</u>	<u>7,500,000</u>

Notes to the Financial Statements
For the Period Ended 31 March 2017

19. Creditors: Amounts falling due after more than one year

	Group 2017 £	Group 2016 £	Company 2017 £
Net obligations under finance leases and hire purchase contracts	130,608	-	-
	<u>130,608</u>	<u>-</u>	<u>-</u>

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2017 £	Company 2017 £
Within one year	164,324	-
Between 1-2 years	130,608	-
	<u>294,932</u>	<u>-</u>

21. Financial instruments

	Group 2017 £	Group 2016 £	Company 2017 £
Financial assets			
Financial assets that measured at undiscounted amounts receivable	8,518,690	7,943,067	-
	<u>8,518,690</u>	<u>7,943,067</u>	<u>-</u>
Financial liabilities			
Financial liabilities measured at undiscounted amounts payable	(10,182,251)	(2,334,645)	(7,500,000)
Financial liabilities measured at amortised cost	(294,932)	-	-
	<u>(10,477,183)</u>	<u>(2,334,645)</u>	<u>(7,500,000)</u>

Financial assets measured at undiscounted amounts receivable comprise trade debtors, other debtors and cash and cash equivalents.

Financial liabilities measured at undiscounted amounts payable comprise trade creditors, other creditors, accruals and deferred income.

Financial liabilities measured at amortised cost comprise obligations under finance lease and hire purchase contracts.

Notes to the Financial Statements
For the Period Ended 31 March 2017

22. Deferred taxation**Group**

	2017 £
At beginning of year	(181,531)
Charged to profit or loss	39,726
At end of year	(141,805)

At end of year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Accelerated capital allowances	(141,805)	(181,531)	-	-
	(141,805)	(181,531)	-	-

23. Provisions**Group**

	Rectification provision £
At 1 April 2016	117,676
Released to profit or loss	(23,762)
At 31 March 2017	93,914

Rectification provision

Provisions relate to claims or remedial works on site. There remains uncertainty as to the outcome, but the provisions represent management's best estimate of the amount that will be settled.

**Notes to the Financial Statements
For the Period Ended 31 March 2017**

24. Share capital

	2017 £
Shares classified as equity	
Allotted, called up and fully paid	
500 Ordinary shares of £1 each	500
7,500,000 Preference shares of £1 each	7,500,000
	<u>7,500,500</u>

On incorporation the company issued 2 ordinary shares at par value.

On 30 September 2016 the company allotted 498 ordinary shares and 15,000,000 preference shares at par value for the acquisition of Friel Holdings Limited in a share for share exchange.

On 10 November 2016, the company resolved to reduce the share capital resulting in the cancellation of 7,500,000 preference shares.

The preference shares of the company have no voting rights and are not entitled to a dividend.

25. Reserves**Merger Reserve**

The merger reserve represents the difference between the cost of investment and the nominal value of the shares acquired during the group restructure.

Profit and loss account

The profit and loss account represents cumulative profits and losses, net of any dividends paid.

26. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and Loss Account in these financial statements. The profit after tax of the parent Company for the period was £NIL.

27. Capital commitments

At 31 March 2017 the Group and Company had capital commitments as follows:

	Group 2017 £	Group 2016 £	Company 2017 £
Contracted for but not provided in these financial statements	778,333	32,432	-
	<u>778,333</u>	<u>32,432</u>	<u>-</u>

Notes to the Financial Statements
For the Period Ended 31 March 2017

28. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £28,978 (2016 - £100,744). Contributions totalling £4,307 (2016 - £2,654) were payable to the fund at the balance sheet date and are included in creditors.

29. Commitments under operating leases

At 31 March 2017 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2017 £	Group 2016 £	Company 2017 £
Not later than 1 year	60,000	60,000	-
Later than 1 year and not later than 5 years	-	60,000	-
	60,000	120,000	-

30. Related party transactions

Friel Homes Limited (previously) Friel Investment Company Limited is a related company due to common control. During the year the following transactions took place between Friel Construction Limited and Friel Homes Limited.

During the year costs totalling £516,014 (2016 - £634,109) incurred by Friel Construction Limited were recharged to Friel Homes Limited. Friel Homes Limited made payments of £nil (2016 - £188,985) to Friel Construction Limited during the year and received payments of £1,459,296 (2016 - £1,112,793).

At the year end, £3,822,702 (2016 - £1,841,492) was due from Friel Homes Limited.

Following the capital reduction and at the year end, £7,500,000 was due to P Friel, wife of W D Friel, a director of the group.

Transactions with directors of the group

During the year the group paid rent of £60,000 (2016 - £60,000) to the directors of the company.

At the end of the year, an amount of £100,211 was due from the director (2016 - £14,044). The maximum amount owed during the year was £111,733 (2016 - £39,504). The terms of the loan is to charge interest on any overdrawn balance at 3.00% per annum (2016 - 3.00%). Interest charged for the year totalled £2,578.

31. Controlling party

The ultimate controlling party is W D Friel.