

Company registration number 06561603 (England and Wales)

NICHOLAS KING DEVELOPMENTS PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

THURSDAY



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NICHOLAS KING DEVELOPMENTS PLC

COMPANY INFORMATION

Directors	Mr N G King Mr N Bilsland Ms S Jacquest Mr K Speller Mr K Ireland
Secretary	Mr N Bilsland Mr J Grace
Company number	06561603
Registered office	10 Penn Road Beaconsfield Buckinghamshire United Kingdom HP9 2LH
Auditor	Azets Audit Services Gladstone House 77-79 High Street Egham Surrey United Kingdom TW20 9HY

NICHOLAS KING DEVELOPMENTS PLC

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NICHOLAS KING DEVELOPMENTS PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present the strategic report for the year ended 31 March 2023.

The objectives of this report are to provide shareholders and other users of these financial statements:

- the appropriate level of background context for these financial statements
- an analysis of the group's past performance
- insight into the group's main objective and strategies, and the principal risks it faces and how they might affect future prospects.

The Group's Objectives

The Board continues to seek to deliver sustainable, responsible and profitable business growth in order to deliver:

- prestigious high quality homes
- quality, innovation and creativity in the development of new homes
- rigorous commitment to customer care
- improved profit margins

The Group's Strategy

The group's strategy is to:

- identify and secure excellent land opportunities, principally larger housing schemes in excess of 20 units outside London but still within the South East
- improve and bring innovation into the construction process and continue the commitment to achieving a high standard of build quality and specification
- continually develop and improve the customer care and plot sales process.

Business review and future developments

The principal activity of the group is property development and housebuilding.

Turnover	£47.1m (2022: £53.0m)
Gross Profit	£5.9m (2022: £8.0m)
Profit after taxation	£0.6m (2022: £3.3m)

The directors are satisfied with the trading activities and profitability this year following uncertain economic conditions in the second half of the year. The group completed 72 homes (2022: 189) in the year.

The directors anticipate continuing difficult trading environment in the year to 31 March 2024 due to the current uncertain political and economic environment, inflationary pressures and rising interest rates.

The group's total land bank position under contract at the balance sheet date stood at 1,320 plots (2022: 998 plots), of which 409 were consented (2022: 406 plots).

Joint venture arrangements with A2Dominion

The turnover reported in the financial statements includes the value of construction work and development management fees invoiced to the joint venture.

In order to appreciate the full spectrum of work undertaken by the group, it is necessary to understand the plot sales turnover which the group is responsible for:

NICHOLAS KING DEVELOPMENTS PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Plot sales and other turnover:	2023	2022
	£'000	£'000
Group (excluding value of construction work and development management fees invoiced to the joint venture)	25,301	40,627
Joint venture	33,252	24,438
	<hr/>	<hr/>
	58,553	65,065
	<hr/>	<hr/>
Plot sales:		
Group	26	89
Joint venture	46	100
	<hr/>	<hr/>
	72	189
	<hr/>	<hr/>

Financial risk management objectives and policies

The group's finance department implements the policies set by the Board of Directors to manage the various risks and circumstance that may arise in the business and consider where it would be appropriate to use financial instruments to manage these.

Principal risks and uncertainties

Market/Sales Risk

The Board considers the principal risks and uncertainties facing the business to be those associated with the current political and economic climate. The housing market is fragile with evidence of falling house prices and the uncertain political and economic environment, inflationary pressures and rising interest rates continue to be of concern to the Board. A fall in house prices or a reduced speed in growth in house prices can be mitigated by the group ensuring that it continues to acquire sites in good locations, principally outside London, with the appropriate mix of homes at each location.

Land & Planning Risk

The group has experienced delays resulting from the increased complexity of, and political interference in, the planning system and undertakes extensive due diligence on planning technical and environmental issues as it targets the acquisition of land either with planning consent or on a subject to planning basis.

Construction Risk

The group is aware of the risks associated with cost overruns, material shortages and delays on site and continues to build strong relationships with subcontractors and suppliers.

Finance Risk

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and good and flexible banking relationships are maintained to ensure the availability of adequate land and development funding. The cash position is reviewed regularly and cash flows are monitored monthly.

Interest rates continue to rise as the principal tool to reduce inflation and increased interest costs and the servicing of those costs will remain a key risk to the group. The group seeks to avoid adverse exposure to interest rate changes by controlling gearing and if necessary by using hedging instruments.

NICHOLAS KING DEVELOPMENTS PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Key performance indicators

The group monitors business financial performance focusing on growing profitability and improved margins:

	31 March 2023	31 March 2022	31 March 2021
Turnover	£47.1m	£53.0m	£36.7m
Gross profit	£5.9m	£8.0m	£4.2m
Gross profit %	12.5%	15.1%	11.4%
Profit before taxation	£0.8m	£3.5m	£0.2m

Recruitment and employee relations

Recruitment policies are designed to ensure equal opportunity of employment regardless of age, race or sex. Appropriate consideration is given to disabled applicants in offering employment.

Good relations are maintained with employees by regular meetings within their operation compatible with the teams particular circumstances. Senior management are kept informed through regular monthly or more frequent meetings as required.

Statement by the directors relating to their statutory duties under s172(1) Companies Act 2006

The directors consider, both individually and collectively, that, in the decisions taken during the financial year, they have satisfied the requirements of s172(1) of the Companies Act 2006 in acting in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its' members as a whole and in doing so having regard to the stakeholders and matters outlined in s172(1).

Long term plan

The board is responsible for establishing the long term plan and strategy for the group and ensuring that this is communicated, where applicable, across the business.

On 24 April 2023, the Group Operating Budget incorporating the long term plan and forecasts to 2026-2027 was approved and this long term plan is regularly reviewed and updated.

In setting the long term plan, strategy and policies for the group, the board also had regard for the key stakeholders and matters outlined below.

Employees

The group's strategy is to attract, retain, develop and promote the best people through communication, inclusion, management and leadership, rewards and remuneration, training and development, teamwork, working conditions, values and behaviour.

Customer care

The group understands that engagement, through listening, understanding and responding to plot purchasers and prospective purchasers, is critical to long term success. The directors engage with plot purchasers through regular meetings, dedicated client liaison executives and customer satisfaction surveys.

NICHOLAS KING DEVELOPMENTS PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Suppliers and subcontractors

The group's success and reputation is inextricably linked to its relationship with its supply chain partners. The directors seek to maintain and develop strong, open, collaborative and positive relationships with our consultants and advisers, suppliers and subcontractors.

Shareholders and other stakeholders

As a privately owned business with a small group of shareholders but one ultimate controlling shareholder, the board are keen to understand and meet the objectives of the ultimate shareholder and reflecting these where possible when developing the group's long term plan.

The directors maintain regular and open relationships and group updates with other stakeholders such as joint venture partners, banks and funders, insurers, warranty providers, local and county councils, auditors and advisers, the Home Builders Federation and HMRC and government.

Insurers and banks are provided with regular group updates and are invited to meetings at least annually to receive updates on current performance, forecasts and objectives.

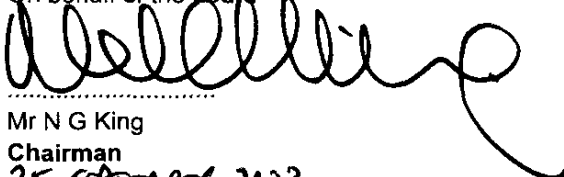
The group's bankers in particular have been engaged regularly during the year to ensure they remain well informed of the group's performance and the impact of the principal risks and uncertainties faced by the group.

Business conduct

The group's plans, strategies and policies have been considered by the directors to ensure that the group maintains the highest standards of business conduct.

The approval of changes to the strategies and policies considered most significant in maintaining the highest standards of business conduct are matters reserved for the board.

On behalf of the board



.....
Mr N G King
Chairman
25 SEPTEMBER 2023

NICHOLAS KING DEVELOPMENTS PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present their annual report and financial statements for the year ended 31 March 2023.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr N G King
Mr N Bilsland
Ms S Jacquest
Mr K Speller
Mr K Ireland

Results and dividends

The profit for the year, after taxation, amounts to £598,000 (2022: £3,259,000).

Ordinary dividends were paid amounting to £320,000 (2022: £320,000). The directors do not recommend payment of a further dividend.

Auditor

In accordance with the company's articles, a resolution proposing that Azets Audit Services be reappointed as auditor of the group will be put at a General Meeting.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 directors are 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. They are 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.

Statement of disclosure to auditor

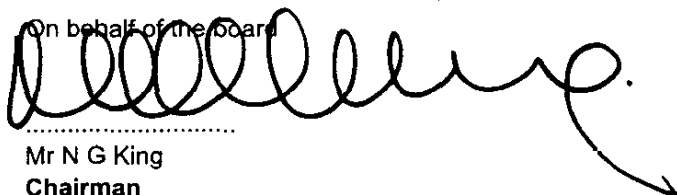
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order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

NICHOLAS KING DEVELOPMENTS PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

On behalf of the board

A large, stylized handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke.

Mr N G King
Chairman

Date: 25 SEPTEMBER 2023

NICHOLAS KING DEVELOPMENTS PLC

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NICHOLAS KING DEVELOPMENTS PLC

Opinion

We have audited the financial statements of Nicholas King Developments Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise 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 notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2023 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

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

NICHOLAS KING DEVELOPMENTS PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF NICHOLAS KING DEVELOPMENTS PLC

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

NICHOLAS KING DEVELOPMENTS PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF NICHOLAS KING DEVELOPMENTS PLC

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Use of our report

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

Azets Audit Services

Paul Creasey

(Senior Statutory Auditor)

For and on behalf of Azets Audit Services

Chartered Accountants

Statutory Auditor

Date: *26 September 2023*

Gladstone House
77-79 High Street
Egham
Surrey
United Kingdom
TW20 9HY

NICHOLAS KING DEVELOPMENTS PLC

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £'000	2022 £'000
Turnover	3	47,054	52,991
Cost of sales		(41,184)	(45,015)
Gross profit		5,870	7,976
Administrative expenses		(4,059)	(4,026)
Share of results of associates and joint ventures	15	442	1,047
Operating profit	7	2,253	4,997
Interest receivable and similar income	8	1	20
Interest payable and similar expenses	9	(1,496)	(1,513)
Profit before taxation		758	3,504
Tax on profit	11	(160)	(245)
Profit for the financial year	25	598	3,259

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

NICHOLAS KING DEVELOPMENTS PLC

GROUP BALANCE SHEET

AS AT 31 MARCH 2023

	Notes	2023 £'000	2022 £'000	2022 £'000
Fixed assets				
Tangible assets	12		372	369
Investments	13		3,203	3,831
			<u>3,575</u>	<u>4,200</u>
Current assets				
Stocks	16	26,197	23,095	
Debtors	17	9,855	10,790	
Cash at bank and in hand		2,714	2,518	
		<u>38,766</u>	<u>36,403</u>	
Creditors: amounts falling due within one year	18	(31,105)	(29,440)	
Net current assets			<u>7,661</u>	<u>6,963</u>
Total assets less current liabilities			<u>11,236</u>	<u>11,163</u>
Creditors: amounts falling due after more than one year	19		(88)	(293)
Net assets			<u><u>11,148</u></u>	<u><u>10,870</u></u>
Capital and reserves				
Called up share capital	24		61	61
Share premium account			98	98
Profit and loss reserves	25		10,989	10,711
Total equity			<u><u>11,148</u></u>	<u><u>10,870</u></u>

The financial statements were approved by the board of directors and authorised for issue on 25 SEPTEMBER 2023 and are signed on its behalf by:

Mr N G King
Chairman

NICHOLAS KING DEVELOPMENTS PLC

COMPANY BALANCE SHEET

AS AT 31 MARCH 2023

		2023		2022	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	12		-		-
Investments	13		2,096		2,096
			<u>2,096</u>		<u>2,096</u>
Current assets					
Debtors	17	11,998		12,209	
Cash at bank and in hand		5		86	
		<u>12,003</u>		<u>12,295</u>	
Creditors: amounts falling due within one year	18	(1,900)		(1,735)	
Net current assets			<u>10,103</u>		<u>10,560</u>
Total assets less current liabilities			<u>12,199</u>		<u>12,656</u>
Creditors: amounts falling due after more than one year	19		-		(119)
Net assets			<u><u>12,199</u></u>		<u><u>12,537</u></u>
Capital and reserves					
Called up share capital	24		61		61
Share premium account			98		98
Profit and loss reserves	25		12,040		12,378
Total equity			<u><u>12,199</u></u>		<u><u>12,537</u></u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £18,000 (2022: profit of £1,941,000).

The financial statements were approved by the board of directors and authorised for issue on 25 September 2023 and are signed on its behalf by:


Mr N G King
Chairman

Company Registration No. 06561603

NICHOLAS KING DEVELOPMENTS PLC

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Share capital £'000	Share premium account £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 April 2021		61	98	7,772	7,931
Year ended 31 March 2022:					
Profit and total comprehensive income for the year		-	-	3,259	3,259
Dividends	10	-	-	(320)	(320)
Balance at 31 March 2022		61	98	10,711	10,870
Year ended 31 March 2023:					
Profit and total comprehensive income for the year		-	-	598	598
Dividends	10	-	-	(320)	(320)
Balance at 31 March 2023		61	98	10,989	11,148

NICHOLAS KING DEVELOPMENTS PLC

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Share capital £'000	Share premium account £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 April 2021		61	98	10,757	10,916
Year ended 31 March 2022:					
Profit and total comprehensive income for the year		-	-	1,941	1,941
Dividends	10	-	-	(320)	(320)
Balance at 31 March 2022		61	98	12,378	12,537
Year ended 31 March 2023:					
Loss and total comprehensive income for the year		-	-	(18)	(18)
Dividends	10	-	-	(320)	(320)
Balance at 31 March 2023		61	98	12,040	12,199

NICHOLAS KING DEVELOPMENTS PLC

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £'000	2022 £'000
Cash flows from operating activities			
Cash generated from operations	32	186	6,066
Interest paid		(1,496)	(1,496)
Income taxes refunded/(paid)		297	(800)
Net cash (outflow)/inflow from operating activities		(1,013)	3,770
Investing activities			
Purchase of tangible fixed assets		(107)	(199)
Proceeds on disposal of tangible fixed assets		30	119
Equity repaid from/(invested in) joint ventures		-	700
Cash distribution from joint ventures		1,069	267
Interest received		1	20
Net cash generated from investing activities		993	907
Financing activities			
Net advances of other borrowings		(330)	330
Net repayments of bank loans		930	(5,153)
Payment of finance leases obligations		(49)	(96)
Dividends paid to equity shareholders		(320)	(320)
Net cash generated from/(used in) financing activities		231	(5,239)
Net increase/(decrease) in cash and cash equivalents		211	(562)
Cash and cash equivalents at beginning of year		2,503	3,065
Cash and cash equivalents at end of year		<u>2,714</u>	<u>2,503</u>
Relating to:			
Cash at bank and in hand		2,714	2,518
Bank overdrafts included in creditors payable within one year		-	(15)

NICHOLAS KING DEVELOPMENTS PLC

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

Company information

Nicholas King Developments Plc ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 10 Penn Road, Beaconsfield, Buckinghamshire, United Kingdom, HP9 2LH.

The group consists of Nicholas King Developments Plc 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 £'000.

The financial statements have been prepared under the historical cost convention. 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 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': 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.

1.2 Business combinations

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, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

NICHOLAS KING DEVELOPMENTS PLC

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Nicholas King Developments Plc together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 March 2023. 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.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates.

Investments in joint ventures and associates are carried in the group balance sheet at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill.

If the group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the group's interest in the entity.

1.4 Going concern

Forecasts and projections have been prepared covering a period greater than 12 months from the date of approval of these financial statements which show the group can continue to operate within the facilities currently available.

The directors' assessment of going concern involves a number of judgements including assumptions on future sales prices and delays in the plot sales which have been impacted by the current uncertain political and economic environment, inflationary pressures and rising interest rates.

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

1.5 Turnover

Turnover consists of residential property sales, sale of residential and commercial freehold and leasehold assets and revenue from construction contracts.

Revenue and profit from residential property sales is recognised at the point of legal completion of each property.

Revenue on construction contracts is recognised as the services are delivered. Profit is recognised only when the outcome can be estimated reliably.

1.6 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.

NICHOLAS KING DEVELOPMENTS PLC

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

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:

Plant and equipment	25% per annum
Fixtures and fittings	25% per annum
Motor vehicles	25% per annum

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.

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

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, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible 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.

1.9 Stocks

Work in progress and finished good are valued at direct costs less foreseeable losses and payments received on accounts, and are stated at the lower of cost and net realisable value.

Costs comprise costs of acquisition and developments, including directly attributable fees and expense, direct labour costs and selling costs.

1.10 Equity instruments

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

1.11 Taxation

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

NICHOLAS KING DEVELOPMENTS PLC

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

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.

1.12 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.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

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

1.14 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 profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss 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 leased asset are consumed.

1.15 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.

NICHOLAS KING DEVELOPMENTS PLC

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.16 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 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are 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.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Profit recognition

The recognition of profit on plot sales in accordance with FRS 102 is based on the cumulative plot sales revenue and is assessed by reference to the proportion of revenue and costs relative to the estimated total revenue and costs of the development at completion. Profit on developments involves judgements in preparing suitable estimates of the forecast costs and revenue on developments. An error in the development forecast could result in a material variance in the amount of profit or loss recognised to date and therefore also in the current period.

WIP/Cost to complete accruals

The Company values stocks at the lower of cost and net realisable value. Accrual estimates are calculated at the balance sheet date to ensure that all costs for works undertaken at that date have not been invoiced have been properly recognised in work in progress. WIP accruals are included in accruals and deferred income.

Certain provisions have been made based on the directors best estimates and likelihood of success but only where a sufficiently reliable estimate of potential obligations can be made. Where potential claims can be offset by recoveries from third parties, these recoveries will only be reflected when they are considered virtually certain.

Asset impairment

Management apply judgement in their assessment of asset impairment. At each reporting date, assets such as tangible assets and fixed asset investment in subsidiaries are evaluated for evidence of impairment and written down where necessary.

Investment in joint ventures

The Group has an equal shareholding in multiple joint ventures (see note 15) and there is joint control. However the Group contributes 20% of the equity of any developments carried out by the joint ventures and is entitled to a variable profit share from the joint ventures. It is accounted for under the equity method. The directors have carried the value of the investment at the cost invested representing 20% of the overall capital contribution made and the Group's share of the profit or loss of the joint ventures.

NICHOLAS KING DEVELOPMENTS PLC

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

3 Turnover and other revenue

	2023 £'000	2022 £'000
Turnover analysed by class of business		
Housebuilding and construction	47,054	52,991
	<u> </u>	<u> </u>
	2023 £'000	2022 £'000
Other revenue		
Interest income	1	20
	<u> </u>	<u> </u>

All turnover arose within the United Kingdom.

4 Auditor's remuneration

	2023 £'000	2022 £'000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	43	38
	<u> </u>	<u> </u>
For other services		
Taxation compliance services	11	10
	<u> </u>	<u> </u>

5 Employees

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

	Group 2023 Number	2022 Number	Company 2023 Number	2022 Number
Administrative staff	27	31	5	5
Site staff	33	29	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	60	60	5	5
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	Group 2023 £'000	2022 £'000	Company 2023 £'000	2022 £'000
Wages and salaries	2,720	2,698	-	-
Social security costs	374	357	-	-
Pension costs	137	110	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	3,231	3,165	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

NICHOLAS KING DEVELOPMENTS PLC

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

6 Directors' remuneration

	2023 £'000	2022 £'000
Remuneration for qualifying services	798	1,137
Company pension contributions to defined contribution schemes	64	54
	<u>862</u>	<u>1,191</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2023 £'000	2022 £'000
Remuneration for qualifying services	191	319
Company pension contributions to defined contribution schemes	41	32
	<u>232</u>	<u>351</u>

There are no key management personnel outside of the directors, whose remuneration has been disclosed above.

7 Operating profit

	2023 £'000	2022 £'000
Operating profit for the year is stated after charging/(crediting):		
Total depreciation charge	28	38
Profit on disposal of tangible fixed assets	(17)	(23)
Operating lease charges	109	108
	<u>120</u>	<u>123</u>

8 Interest receivable and similar income

	2023 £'000	2022 £'000
Interest income		
Other interest income	1	20
	<u>1</u>	<u>20</u>

9 Interest payable and similar expenses

	2023 £'000	2022 £'000
Interest on bank overdrafts and loans	1,479	1,460
Interest on finance leases and hire purchase contracts	17	11
Other interest	-	42
	<u>1,496</u>	<u>1,513</u>
Total finance costs	<u>1,496</u>	<u>1,513</u>

NICHOLAS KING DEVELOPMENTS PLC

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

10 Dividends

	2023 £'000	2022 £'000
Recognised as distributions to equity holders:		
Final paid	320	320

11 Taxation

	2023 £'000	2022 £'000
Current tax		
UK corporation tax on profits for the current period	-	11
Adjustments in respect of prior periods	(10)	(294)
Total current tax	(10)	(283)
Deferred tax		
Origination and reversal of timing differences	170	528
Total tax	160	245

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

	2023 £'000	2022 £'000
Profit before taxation	758	3,504
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	144	666
Tax effect of expenses that are not deductible in determining taxable profit	10	(13)
Tax effect of income not taxable in determining taxable profit	(91)	26
Adjustments in respect of prior years	(10)	2
Capital allowances in excess of depreciation	40	(11)
Research and development tax credit	-	(296)
Land remediation relief	(28)	-
Other timing difference	(41)	(129)
Tax losses utilised	136	-
Taxation charge	160	245

NICHOLAS KING DEVELOPMENTS PLC

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

12 Tangible fixed assets

Group	Plant and equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 April 2022	270	201	417	888
Additions	92	-	65	157
Disposals	-	-	(54)	(54)
At 31 March 2023	362	201	428	991
Depreciation and impairment				
At 1 April 2022	123	199	197	519
Depreciation charged in the year	88	1	52	141
Eliminated in respect of disposals	-	-	(41)	(41)
At 31 March 2023	211	200	208	619
Carrying amount				
At 31 March 2023	151	1	220	372
At 31 March 2022	147	2	220	369

The company had no tangible fixed assets at 31 March 2023 or 31 March 2022.

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

	Group 2023 £'000	2022 £'000	Company 2023 £'000	2022 £'000
Plant and equipment	21	36	-	-
Fixtures and fittings	-	1	-	-
Motor vehicles	77	66	-	-
	98	103	-	-

13 Fixed asset investments

	Notes	Group 2023 £'000	2022 £'000	Company 2023 £'000	2022 £'000
Investments in subsidiaries	14	-	-	2,096	2,096
Investments in joint ventures	15	3,203	3,831	-	-
		3,203	3,831	2,096	2,096

NICHOLAS KING DEVELOPMENTS PLC

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

13 Fixed asset investments

(Continued)

Movements in fixed asset investments

Group

Shares in joint
ventures
£'000

Cost or valuation

At 1 April 2022

3,831

Share of profit

442

Profit distributions

(1,070)

At 31 March 2023

3,203

Carrying amount

At 31 March 2023

3,203

At 31 March 2022

3,831

Movements in fixed asset investments

Company

Shares in
subsidiaries
£'000

Cost or valuation

At 1 April 2022 and 31 March 2023

2,096

Carrying amount

At 31 March 2023

2,096

At 31 March 2022

2,096

NICHOLAS KING DEVELOPMENTS PLC

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

14 Subsidiaries

Details of the company's subsidiaries at 31 March 2023 are as follows:

Name of undertaking	Nature of business	Class of shares held	% Held	
			Direct	Indirect
Nicholas King Partnerships Limited (formerly NK Developments (No1) Limited)	Property development and housebuilding	Ordinary	100.00	
NK Developments (No5) Limited	Property development and housebuilding	Ordinary	100.00	
N K Civil Engineering Limited	Civil engineering and groundworks	Ordinary	100.00	
Nicholas King Racing Limited	Corporate promotion and advertising	Ordinary	100.00	
Nicholas King Homes PLC	Property development and housebuilding	Ordinary	100.00	
NK Developments (Scaynes Hill) Limited	Property development and housebuilding	Ordinary		100.00
N K Developments (Binfield) Limited	Property development and housebuilding	Ordinary	100.00	
NK Developments (No4) Limited	Property development and housebuilding	Ordinary	100.00	
N K Developments (Send) Ltd	Property development and housebuilding	Ordinary	100.00	

All of the above companies are registered at 10 Penn Rd, Beaconsfield, Bucks, HP9 2LH.

All companies are claiming the exemption from audit under section 479A of the Companies Act 2006.

NICHOLAS KING DEVELOPMENTS PLC

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

15 Joint ventures

Details of joint ventures at 31 March 2023 are as follows:

Name of undertaking	Nature of business	Class of shares held	% Held	
			Direct	Indirect
A2D NK Homes LLP	Property development and housebuilding	N/A	-	20.00
A2D NKH Chinnor LLP	Property development and housebuilding	N/A	-	20.00
A2D NKH Cranleigh LLP	Property development and housebuilding	N/A	-	20.00

The joint venture entities are registered at The Point, 37 North Wharf Rd, London, W2 1BD.

A2D N K Homes LLP

In December 2017, the group entered into a joint venture with A2Dominion Developments Ltd to purchase and develop land at Rowlands Castle in Hampshire and Mytchett in Surrey under the subsidiaries and associated undertakings A2D NKH (Rowlands Castle) Ltd and A2D NKH (Mytchett) Ltd, ultimately producing 291 dwellings.

On 28 October 2020, the entire share capital of A2D NKH (Mytchett) Ltd was transferred to A2Dominion Homes Ltd, a wholly owned subsidiary of A2Dominion Housing Group Ltd and fellow subsidiary of A2Dominion Developments Ltd. On the same date, the group entered into a collaboration agreement with A2D NKH (Mytchett) Ltd to enable the joint development of the site at Mytchett in Surrey.

A2D NKH Chinnor LLP

In May 2018, the group entered into a joint venture with A2Dominion Developments Ltd to purchase and develop land at Chinnor in Oxfordshire, ultimately producing 78 dwellings.

A2D NKH Cranleigh LLP

In February 2021, the group entered into a joint venture with A2Dominion Developments Ltd to purchase and develop land at Cranleigh in Surrey, ultimately producing at least 228 dwellings.

	2023 £'000	2022 £'000
Cumulative Investment	3,298	3,298
Cumulative Share of profit	2,436	1,994
Cumulative Distributions	(2,531)	(1,461)
Carrying amount at year end	3,203	3,831

During the year, the group recognised turnover from the joint venture of £21,746,000 (2022: £12,364,000) consisting of construction management and development management fees. At 31 March 2023, £3,782,000 was owed by the joint venture (2022: £4,482,000).

The below summarised balance sheet and statement of comprehensive income represents the joint ventures results in the year. The company has an equal shareholding in the joint ventures and contributes 20% of the equity and is entitled to a variable profit share.

NICHOLAS KING DEVELOPMENTS PLC

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

15	Joint ventures	(Continued)			
			2023	2022	
	Summarised balance sheet		£'000	£'000	
	Stocks		53,929	58,727	
	Other current assets		824	5,420	
	Cash at bank and in hand		45	1,325	
	Total current assets		54,798	65,472	
	Bank loans		(28,074)	(19,081)	
	Other current liabilities		(10,682)	(28,335)	
	Total current liabilities		(38,756)	(47,416)	
	Net assets		16,042	18,056	
	Group share of net assets		3,203	3,831	
			2023	2022	
	Summarised statement of comprehensive income		£'000	£'000	
	Turnover		33,252	24,438	
	Operating expenses, interest and taxation		(31,486)	(20,249)	
	Comprehensive income		1,766	4,189	
	Group share of comprehensive income		442	1,047	
16	Stocks	Group		Company	
		2023	2022	2023	
		£'000	£'000	£'000	
	Work in progress	26,197	23,095	-	

NICHOLAS KING DEVELOPMENTS PLC

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

17 Debtors

	Group 2023 £'000	2022 £'000	Company 2023 £'000	2022 £'000
Amounts falling due within one year:				
Trade debtors	3,025	3,157	-	-
Corporation tax recoverable	7	304	-	-
Amounts owed by group undertakings	-	-	11,901	12,112
Other debtors	6,143	5,591	97	97
Prepayments and accrued income	505	1,393	-	-
Deferred tax asset (note 22)	175	345	-	-
	<u>9,855</u>	<u>10,790</u>	<u>11,998</u>	<u>12,209</u>

18 Creditors: amounts falling due within one year

	Notes	Group 2023 £'000	2022 £'000	Company 2023 £'000	2022 £'000
Bank loans and overdrafts	20	17,554	16,421	119	713
Obligations under finance leases	21	38	35	-	-
Other borrowings	20	724	1,054	-	-
Trade creditors		4,177	4,037	-	-
Amounts owed to group undertakings		-	-	1,781	1,019
Corporation tax payable		-	10	-	-
Other creditors		201	193	-	-
Accruals and deferred income		8,411	7,690	-	3
		<u>31,105</u>	<u>29,440</u>	<u>1,900</u>	<u>1,735</u>

Accruals and deferred income include WIP accruals of £4,253,000 (2022: £3,083,000).

19 Creditors: amounts falling due after more than one year

	Notes	Group 2023 £'000	2022 £'000	Company 2023 £'000	2022 £'000
Bank loans and overdrafts	20	29	232	-	119
Obligations under finance leases	21	59	61	-	-
		<u>88</u>	<u>293</u>	<u>-</u>	<u>119</u>

NICHOLAS KING DEVELOPMENTS PLC

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

20 Loans and overdrafts

	Group 2023 £'000	2022 £'000	Company 2023 £'000	2022 £'000
Bank loans	17,583	16,638	119	832
Bank overdrafts	-	15	-	-
Other loans	724	1,054	-	-
	<u>18,307</u>	<u>17,707</u>	<u>119</u>	<u>832</u>
Payable within one year	18,278	17,475	119	713
Payable after one year	<u>29</u>	<u>232</u>	<u>-</u>	<u>119</u>

Bank loans and overdrafts are secured by fixed and floating charges over the assets and undertakings of the Group. The loans attract interest at varying rates.

Other loans are unsecured and repayable on demand and attract interest at varying rates.

21 Finance lease obligations

	Group 2023 £'000	2022 £'000	Company 2023 £'000	2022 £'000
Future minimum lease payments due under finance leases:				
Within one year	38	35	-	-
In two to five years	59	61	-	-
	<u>97</u>	<u>96</u>	<u>-</u>	<u>-</u>

22 Deferred taxation

The following are the major deferred tax assets recognised by the group and company, and movements thereon:

Group	Assets 2023 £'000	Assets 2022 £'000
Tax losses	164	208
Short term timing differences	11	137
	<u>175</u>	<u>345</u>

The company has no deferred tax assets or liabilities.

NICHOLAS KING DEVELOPMENTS PLC

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

22 Deferred taxation

(Continued)

	Group 2023 £'000	Company 2023 £'000
Movements in the year:		
Asset at 1 April 2022	(345)	-
Charge to profit or loss	170	-
Asset at 31 March 2023	<u>(175)</u>	<u>-</u>

The deferred tax asset set out above is expected to reverse within 12-24 months and relates to unutilised tax losses and short term timing differences.

23 Retirement benefit schemes

	2023 £'000	2022 £'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>137</u>	<u>110</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.

24 Share capital

	2023 Number	2022 Number	2023 £'000	2022 £'000
Ordinary share capital issued and fully paid				
Ordinary shares of £1 each	50,001	50,001	50	50
A Ordinary shares of £1 each	6,060	6,060	6	6
B Ordinary shares of £1 each	4,545	4,545	5	5
	<u>60,606</u>	<u>60,606</u>	<u>61</u>	<u>61</u>

NICHOLAS KING DEVELOPMENTS PLC

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

25 Reserves

Profit and loss reserves

The profit and loss reserves include all current and prior year retained profits and losses and the amount eliminated on the acquisition of the non controlling interests

26 Other Financial Commitments

The parent has given an unlimited corporate guarantee in respect of a debt held by a subsidiary. The cumulative guaranteed amount as at 31 March 2023 was £7,275,000 (2022: £6,926,000).

The parent also provided a guarantee to carry out the contractual obligations on behalf of a related party with the outstanding obligation estimated to be £291,000 (2022: £269,000) at year end.

27 Contingent liabilities

In the current year, the Building Safety Act 2022 (BSA) came into force placing the onus for fire protection and fire safety remediation in medium and high-rise residential properties, developed over the past 30 years, with, amongst other parties, the original developer. The Group has been notified of a number of potential claims in respect of historic projects which are now subject to an extended limitation period which was introduced by the BSA. At this stage, if it is not certain whether any liability attaches to the Group in respect of any potential claims, they are considered to be contingent liabilities.

Provisions have been made for the directors' best estimates of known potential claims, investigations and legal actions that have been notified. The group has taken legal advice as to the likelihood of success of potential claims and actions. This is a highly complex area of judgements and estimates in respect of the costs of remedial works, with investigative surveys ongoing to determine the full extent of those required works or potential claims.

No provisions are made where the directors consider, based on that advice, that the action is unlikely to succeed, or that the Group cannot make a sufficiently reliable estimate of the potential obligations.

Any provisions are reflected in Accruals and Deferred Income under note 18 and are expected to be utilised over the next 3 years so the effect of discounting for the time value of money is not considered material.

28 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 2023 £'000	2022 £'000	Company 2023 £'000	2022 £'000
Within one year	108	104	-	-
Between two and five years	130	202	-	-
	<u>238</u>	<u>306</u>	<u>-</u>	<u>-</u>

29 Controlling party

Nicholas King Developments Plc is controlled by Mr N G King, a Director of the Company.

NICHOLAS KING DEVELOPMENTS PLC

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

30 Related party transactions

Nicholas King Homes Plc Retirement Benefits Scheme was owed £724,000 (2022: £1,054,000) by the Company at 31 March 2023. This loan is included within other loans and interest on this loan is payable on an arms length basis.

The group has received funds from and pays funds to Mr N G King, a director of the group, in the form of a loan. The maximum loan amount due to Mr N G King in 2023 was £158,000 (2022: £241,000).

During the period ended 31 March 2023, the group paid £11,000 (2022: £16,000) for construction costs for a property owned by Mr N G King, a director of the group and is included within the loan amount due from Mr N G King. Rent of £22,000 (2022: £22,000) has been charged for residing in a property owned by the group. The loan amount owed to Mr N G King at 31 March 2023 was £25,000 (2022: £18,000) and is included in other creditors and is interest free.

The group is owed £2,136,000 (2022: £2,803,000) from Nicholas King Construction Limited (formerly NK Groundworks Ltd) at the balance sheet date. Nicholas King Construction Limited is owned and controlled by Mr N G King, a director of the Company. This amount due is included in trade debtors and accruals.

The group has utilised the exemption available under FRS 102, Section 33 allowing non-disclosure of transactions within group companies eliminated upon consolidation where the subsidiaries are 100% owned.

31 Analysis of changes in net debt - group

	1 April 2022	Cash flows	New finance leases	31 March 2023
	£'000	£'000	£'000	£'000
Cash at bank and in hand	2,518	196	-	2,714
Bank overdrafts	(15)	15	-	-
	<u>2,503</u>	<u>211</u>	<u>-</u>	<u>2,714</u>
Borrowings excluding overdrafts	(17,692)	(615)	-	(18,307)
Obligations under finance leases	(96)	49	(50)	(97)
	<u>(15,285)</u>	<u>(355)</u>	<u>(50)</u>	<u>(15,690)</u>

NICHOLAS KING DEVELOPMENTS PLC

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

32 Cash generated from group operations

	2023 £'000	2022 £'000
Profit for the year after tax	598	3,259
Adjustments for:		
Share of results of associates and joint ventures	(442)	(1,047)
Taxation charged	160	245
Finance costs	1,496	1,513
Interest received	(1)	(20)
Gain on disposal of tangible fixed assets	(17)	(23)
Depreciation and impairment of tangible fixed assets	28	38
Bad debts	(20)	-
Movements in working capital:		
(Increase)/decrease in stocks	(1,818)	2,892
Decrease/(increase) in debtors	488	(2,068)
(Decrease)/increase in creditors	(286)	1,277
Cash generated from operations	<u>186</u>	<u>6,066</u>