

Bancon Developments Holdings Limited
Annual report
for the year ended 30 November 2014

Registered Number: SC244691



Bancon Developments Holdings Limited
Annual report
for the year ended 30 November 2014

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Bancon Developments Holdings Limited

Strategic report

Group Strategy

The Group has adhered to a number of key strategies over the course of the last few years. These strategies have served the Group reasonably well over that period and the Directors intend to develop the business in the future focussing on profitability to provide a solid and sustainable foundation for the mid to long term.

There are three key elements to this strategy. They are:

- Controlled growth of our land bank in key strategic areas for future development;
- Providing designs and quality of buildings that are efficient and excite the marketplace;
- Train and develop our people to meet our future business aspirations.

Land Bank

One of the key strategies of the Group is to ensure that the Group has secured sufficient land in key areas to ensure the future financial growth of the Company both in the short-term and longer term.

During the year, the Group secured further land in accordance with that land strategy and strengthened our interests in key strategic land in and around the City of Aberdeen. A number of new sites have been secured in and around Aberdeen in 2015 ensuring that sufficient land is secured to support our five year business plan and the focus of the land team is to ensure that the Group has access to key strategic development sites in Aberdeen City and the surrounding area.

Design and Quality of Buildings

The Directors recognise that, in a highly competitive market, our house designs need to be innovative and attractive to our customers. Over the course of the year, new house designs were introduced on our new developments and the feedback from customers has been very positive with a marked increase in sales activity. We will continue to develop new house designs for our customers that give them homes that are innovative, comfortable and highly efficient.

Training and Development

The Directors recognise that our people remain vital to the success of our Group and we value the contribution our employees make to our business. One of our key business strategies is to continue to recruit and retain the best employees in the marketplace. Despite the difficult trading conditions in our marketplaces over the past few years, we have nonetheless continued to make significant investment in their training and development. Going forward the development of our people will continue to be a key driver of our business. We will strive to ensure that this Group continues to be regarded as a good employer and that we retain our “Investors in People” accreditation. We are committed to maintaining and improving the methods by which our employees are informed on matters affecting their work and on the progress of our Group.

Principal risks

The management of the business and the execution of the Group’s strategies are subject to a number of risks.

Risks are formally reviewed by the Group and Company Boards and appropriate business processes are in place to monitor and mitigate them.

The key business risks affecting the Group are set out below:

Planning Process

The Group operates in a highly competitive business where it is essential that our products and services are delivered to the marketplace as planned. Currently, the planning processes, particularly within Aberdeen City, are proving to be very challenging for the Group with planning timescales now being longer than previously experienced. These delays in the planning approval process have been having an adverse effect on project timescales and ultimately project performance.

In order to mitigate this risk, we have our own in-house planning team with the requisite experience and skills to manage our planning requirements. This team continue to work with Aberdeen City planners and the other local authority planners to ensure that our planning requirements are clear and focussed to limit any possible planning delays. We have a short-term plan that clearly focuses our land team on the land required to deliver our business plan and a strategic land plan that will deliver our medium to long term performance.

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Strategic report (continued)

Construction Resources

The performance of the Group is dependent on us continuing to secure sufficient skilled construction resources to service our new and on-going projects. Failure to secure these resources may lead to project delays, which may in turn result in downward pressure on margins and damage to our reputation. The upturn in the local economy will bring additional competition to the local pool of construction resources. To mitigate this risk, the Group continues to strengthen the management teams, train and develop its own employees and develop a network of approved subcontractors throughout its area of operations.

Funding

The Group has secured a three year committed facility with Santander which expires in August 2017. The Directors consider that this facility is sufficient in order to support its planned growth over the period.

Key performance indicators (“KPI’s”)

We have made progress in the year in achieving the Group’s main objectives and progressing our strategy. The board monitors progress on the overall Group strategy and the individual strategic elements by reference to three KPI’s.

Performance during the year, together with historical trend data is set out in the table below:

	2014	2013	Definition, method of calculation and analysis
Growth in group turnover (%)	5.5%	42.0%	Year on year group turnover growth expressed as a percentage. The modest increase in Turnover in 2014 reflects the reduction in housebuilding activity resulting from restrictions on funding availability until the Group was able to refinance. This was offset by a 62% increase in construction turnover (see note 2). The housebuilding activity is anticipated to increase substantially in 2015
Net margin (%)	1.34%	4.1%	Net margin is the ratio of profit before taxation to turnover expressed as a percentage. The reduction in housebuilding activity resulted in a less profitable mix of activity during the year.
Return on invested capital (%)	5.75%	17.6%	Profit expressed as a percentage of net capital assets. The lower return in 2014 resulted from the reduction in housebuilding activity and is expected to improve in 2015

Financial performance

The financial performances of the Group were impacted by the requirement to refinance its activities which resulted from National Australia Bank strategic decision to divest itself of property and construction customers. This led to a period where the Group was unable to invest further in land and as a result there was a reduction in housebuilding activity. Nevertheless the Group performed well in the year and, having now secured sufficient funding, will significantly increase the housebuilding activity in 2015.

J. Irvine

J C Irvine CA
29 May 2015

Bancon Developments Holdings Limited

Directors' report for the year ended 30 November 2014

The directors present their report and the audited consolidated financial statements for the year ended 30 November 2014.

Business review and principal activities

The principal activities of the Company and its subsidiaries during the year were housebuilding, contracting and manufacture of timberframe.

The consolidated results for the Group show an operating profit before exceptional items of £2,054,467 (2013: £3,683,491) for the year and gross turnover of £83,496,213 (2013: £78,594,501). The directors do not recommend the payment of a dividend (2013: nil). The Company's consolidated profit after tax for the year is £942,413 (2013: £2,420,570). The profit will be transferred to reserves.

Business Environment

Improved confidence in the economy had a positive impact in 2014 particularly in Aberdeen City and the surrounding area. This resulted in a number of our developments performing exceptionally well and also significant increases in our Construction and Timberframe activity.

While it is anticipated that the lower oil prices being experienced in 2015 to date will slow the growth rate experienced in 2014 the Group is experiencing stable trading conditions and its prospects remain encouraging. Indeed the Group has successfully launched a number of housing developments in 2015.

Future outlook

The economic outlook for the UK remains positive and the Directors remain confident that the strategies adopted and implemented by the Group will result in continued growth in both profitability and turnover.

As a result the Directors remain confident that the Group will be well placed to deliver a performance in line with its five year plan.

Financial risk management

The Group's operations expose it to a variety of financial risks that include the effects of changes in market prices, credit risk, liquidity risk and interest rate risk.

The Group has in place a risk review process that seeks to limit the adverse effects on its financial performance by monitoring levels of debt finance and the related finance costs. Regular forecasting of the Group's forward liquidity needs are carried out and reviewed by each company and Group Board. The Group companies continually forecast on a rolling three year forecast to determine the financial performance and liquidity requirements for the next three trading years.

Given the size of the Group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Group's finance team and key senior managers.

Price risk

The Group can be exposed to commodity price risk as a result of its operations. However, given the size of the Group's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the Group's operations change in size or nature.

Credit risk

The Group has implemented policies that require appropriate credit checks on potential customers before contracts are agreed. Where the directors believe that customers may prove a problem, up-front payments will be enforced. Where debt finance is utilised, this is subject to pre-approval by the board of directors.

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Directors' report for the year ended 30 November 2014 (continued)

The amount of exposure to any individual counterparty is subject to a limit, either agreed with our credit insurance providers or by the directors.

Liquidity risk

The Group actively maintains a mixture of long-term and short-term debt finance that is designed to ensure it has sufficient available funds for operations and planned expansions.

Interest rate cash flow risk

The Group has both interest bearing assets and interest bearing liabilities. Interest bearing assets only include cash balances.

Employees

The Group believes that continued development and training of their staff is a key factor in achieving the skills, quality and motivation within the workforce for the future success of the business.

Through the use of our in-house Group newsletter, intranet and Working Groups within each company, we continue to inform all staff of decisions that may affect their interests and they also give the employees the platform on which they can make suggestions to improve the financial performance of the Group.

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Policy and practice on payment of creditors

Trade creditors at the year-end represented 62 days (2013: 65 days) of purchases. It is the Group's normal policy in respect of all suppliers that invoices are paid at the end of the month following the date of invoice.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

J C A Burnett of Leys

A J A Burnett of Leys

W R Hutcheson

J C Irvine CA

D Cassidy

W Beattie

(Chairman)

Appointed 2 February 2015

Resigned 12 September 2014

Bancon Developments Holdings Limited

Directors' report for the year ended 30 November 2014 (continued)

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 prepared the group and parent company 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 the 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 company and the group will continue in business.

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

Statement of disclosure of information to the auditors

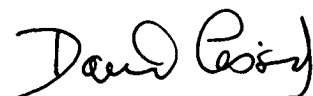
The directors in office at the date of approval of this report confirm that:

- a) So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Relevant information is defined as "information needed by the company's auditors in connection with preparing their report".
- b) Each director has taken all the steps they ought to have taken in their duty as a director in order to make themselves aware of any relevant information and to establish that the company's auditors are aware of that information.

Independent auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the Board,



David Cassidy
Company Secretary
29 May 2015

Bancon Developments Holdings Limited

Independent auditors' report to the members of Bancon Developments Holdings Limited

Report on the group financial statements

Our opinion

In our opinion, Bancon Developments Holdings Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 30 November 2014 and of the group's profit and cash flows 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.

What we have audited

Bancon Developments Holdings Limited's financial statements comprise:

- the Balance Sheets as at 30 November 2014;
- the Consolidated profit and loss account for the year then ended;
- the Group consolidated cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, 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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Bancon Developments Holdings Limited

Independent auditors' report to the members of Bancon Developments Holdings Limited (Continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, the directors are 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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 company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Julie Watson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen
29 May 2015

Bancon Developments Holdings Limited

Consolidated profit and loss account for the year ended 30 November 2014

	Note	2014 £	2013 £
Turnover (including share of joint ventures)	2	83,496,232	78,594,501
Less: Share of joint ventures' turnover	13	(1,608,729)	(997,681)
Group turnover	3	81,887,503	77,596,820
Net operating expenses (including exceptional items)	4	(80,389,695)	(73,913,329)
Group operating profit before exceptional items		2,054,467	3,683,491
Exceptional items	4	(556,659)	-
Group operating profit	5	1,497,808	3,683,491
Share of operating profit in joint ventures	13	138,013	279,112
Total operating profit group and share of joint ventures		1,635,821	3,962,603
Interest receivable and similar income	8	46,655	13,854
Interest payable and similar charges	9	(584,493)	(778,817)
Profit on ordinary activities before taxation		1,097,983	3,197,640
Tax on profit on ordinary activities	10	(155,570)	(777,070)
Profit on ordinary activities after taxation	22	942,413	2,420,570

All items dealt with in arriving at the operating results for 2014 and 2013 relate to the continuing operations.

The Group has no recognised gains or losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented.

There are no material differences between the profit on ordinary activities before taxation and the retained profit for the years stated above, and their historic cost equivalents.

Bancon Developments Holdings Limited

Balance sheets as at 30 November 2014

		Group		Company	
	Note	2014 £	2013 £	2014 £	2013 £
Fixed assets					
Intangible assets	11	15,500	15,500	-	-
Tangible assets	12	774,405	687,483	-	-
Investments	13	50	50	666	666
Investments in joint venture					
<i>Share of gross assets</i>	13	2,486,873	3,039,028	-	-
<i>Share of gross liabilities</i>	13	(2,044,328)	(2,734,496)	-	-
		442,545	304,532	-	-
		1,232,500	1,007,565	666	666
Current assets					
Stocks	14	31,047,650	27,826,951	-	-
Debtors : falling due within one year*	15	25,600,366	17,095,046	-	-
Cash at bank and in hand		1,352,476	1,090,977	-	-
		58,000,492	46,012,974	-	-
Creditors: amounts falling due within one year	16	(38,161,231)	(27,992,962)	(1)	(1)
Net current assets		19,839,261	18,020,012	665	665
Total assets less current liabilities		21,071,761	19,027,577	665	665
Creditors : amounts falling due after more than one year	17	(1,919,195)	(802,424)	-	-
Deferred income	18	(35,583)	(50,583)	-	-
Net assets		19,116,983	18,174,570	665	665
Capital and reserves					
Called up share capital	21	665	665	665	665
Profit and loss account	22	19,116,318	18,173,905	-	-
Total shareholders' funds	23	19,116,983	18,174,570	665	665

*Including £3,798,738 (2013: £3,324,194) after more than one year

The financial statements on pages 10 to 28 were approved by the board of directors on May 2015 and were signed on their behalf by:

J C Irvine

J C Irvine CA

Bancon Developments Holdings Limited

Registered Number: SC244691

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Group consolidated cash flow statement for the year ended 30 November 2014

	Note	2014 £	2013 £
Net cash (outflow)/ inflow from operating activities	24	(4,461,512)	13,906,531
Returns on investment and servicing of finance			
Interest received		46,655	13,854
Interest paid		(584,493)	(778,817)
Net cash outflow from returns on investments and servicing of finance		(537,838)	(764,963)
Taxation			
UK corporation tax paid		(705,477)	(263,495)
Capital expenditure and financial investments			
Purchase of tangible fixed assets		(442,515)	(324,244)
Sale of tangible fixed assets		41,410	2,242
Net cash outflow from capital expenditure and financial investments		(401,105)	(322,002)
Net cash (outflow)/inflow before management of liquid resources and financing		(6,105,932)	12,556,071
Financing			
Repayments of principal under finance leases		82,665	-
(Decrease)/Increase in net cash	25	(6,023,267)	12,556,071

Bancon Developments Holdings Limited

Notes to the financial statements for the year ended 30 November 2014

1 Principal accounting policies

A summary of the principal accounting policies, which have been applied consistently, is set out below.

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in United Kingdom.

Basis of consolidation

The Group financial statements include the results of the holding company and all of its subsidiary companies. Intra-group sales and profits are eliminated fully on consolidation.

On acquisition of a subsidiary, all of the subsidiary's assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. All changes to those assets and liabilities, and the resulting gains and losses, that arise after the Group has gained control of the subsidiary, are charged to the post acquisition profit and loss account.

Turnover

Turnover represents amounts invoiced for work completed during the year and interim financial statements in respect of uncompleted work, exclusive of value added tax. All turnover relates to work originated and delivered in the United Kingdom.

Construction contracts

Revenue is only recognised on a construction contract where the outcome can be estimated reliably. Variations to, and claims arising in respect of, construction contracts, are included in revenue to the extent that they have been agreed with the customer. Revenue and costs are recognised by reference to the stage of completion of contract activity at the balance sheet date. This is normally measured by surveys of work performed to date. Contracts are only treated as construction contracts when they have been specifically negotiated for the construction of a development or property. When it is probable that the total costs on a construction contract will exceed total contract revenue, the expected loss is recognised as an expense in the income statement immediately. Amounts recoverable on construction contracts are included in trade receivables and stated at cost plus attributable profit less any foreseeable losses.

Payments received on account for construction contracts are deducted from amounts recoverable on construction contracts.

Payments received in excess of amounts recoverable on construction contracts are included in trade payables.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets are amortised over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at each financial year end

Tangible fixed assets

Freehold land is not depreciated. Land and buildings are stated at cost or at their revalued amounts, less depreciation on buildings. Other tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation

Depreciation is charged annually on a straight line basis over the following periods:

Plant, machinery and tenant's improvements	7 years
Motor vehicles	4 years
Buildings	20 years

Bancon Developments Holdings Limited

Notes to the financial statements for the year ended 30 November 2014 (continued)

1 Principal accounting policies (continued)

Finance and operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Leasing agreements which transfer to the Company substantially all the benefits and risks of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

Stocks, part exchange properties and work in progress

Work in progress, including part exchange property and land is stated at the lower of cost and net realisable value. Cost comprises raw materials, consumables and direct labour plus attributable overheads based on a normal level of activity. Net realisable value is based on estimated selling price less anticipated costs to completion and disposal. Provision is made for all foreseeable losses.

Land Options

Land options are included within work in progress at cost. If, or when, it becomes apparent that an option on land relating to a potential development site that will not receive the necessary approvals the option will be charged in full to profit and loss.

Government grants

Grants which relate to specific capital expenditure are treated as deferred income which is then credited to the profit and loss account over the related assets useful life. Other grants are credited to the profit and loss account when received.

Investments

Investments in subsidiary undertakings are included in the balance sheet of the Company at cost. Provisions are made where necessary to reflect any permanent diminution in value.

Taxation

The current tax charge is based on the taxable profit for the year. Taxable profits differ from the profit reported in the profit and loss account due to timing differences and other items that require adjustment as set out in legislation. The company's liability for tax is calculated using rates enacted or substantively enacted at the balance sheet date.

Deferred tax is provided, using the full liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. The deferred tax position is calculated using the rates enacted or substantively enacted at the balance sheet date.

Tax losses are surrendered or claimed in the form of group relief with consideration being received or paid accordingly. The group relief amount is recorded separately within the debtors and creditors amounts in the balance sheet, as applicable, and is calculated by applying the tax rate enacted or substantively enacted at the balance sheet date to the loss amount.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Pension costs

The Group contributes to a defined contribution money purchase pension scheme on behalf of its employees. Pension costs in respect of this scheme are accounted for on the basis of charging the expected cost of providing pensions over the period during which the Company benefits from the employees' services.

The Group also contributes to various money purchase schemes on behalf of the directors. Pension costs in respect of these schemes are accounted for when payable.

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Notes to the financial statements for the year ended 30 November 2014 (continued)

2 Turnover

The directors consider that the group has a single class of business being the development, construction and managing of property. The group's turnover is originated in and destined to the United Kingdom.

3 Group segment reporting

	Turnover	
	2014 £	2013 £
House building	22,776,527	39,336,102
Timber frame	15,035,332	10,849,026
Construction	44,075,644	27,411,692
	81,887,503	77,596,820

4 Net operating expenses

Net operating expenses are comprised as follows:

	2014 £	2013 £
Raw materials and consumables	62,381,163	58,070,872
Staff costs including exceptional items (note 7)	13,274,806	11,233,307
Other operating charges	4,763,408	4,626,248
Other operating income	(29,682)	(17,098)
Net operating expenses	80,389,695	73,913,329

The exceptional costs of £556,659 which are included within staff costs, relate to additional costs incurred in the year for director's compensation for loss of office (note 6).

Bancon Developments Holdings Limited

Notes to the financial statements for the year ended 30 November 2014 (continued)

5 Group operating profit

Group operating profit is stated after charging/(crediting):

	2014 £	2013 £
Depreciation of:		
Owned tangible fixed assets	341,132	385,347
Tangible fixed assets held under finance leases	9,634	-
Auditors' remuneration		
Audit of parent company and consolidated financial statements	60,000	51,640
Non-audit services – tax compliance	25,875	21,075
Hire of plant and machinery	1,401,172	1,122,646
Operating lease charges		
Plant and machinery	392,648	393,988
Other	161,278	149,588
Gain on disposal of tangible fixed assets	(36,583)	(2,242)

All audit fees are borne by the Groups' subsidiary companies.

6 Directors' emoluments

	2014 £	2013 £
Aggregate emoluments	1,100,898	1,175,713
Compensation for loss of office	556,659	-
Company pension contributions to money purchase schemes	138,661	179,420
	1,796,218	1,355,133

Retirement benefits are accruing to nine directors (2013: nine) under money purchase schemes.

Highest paid director	2014 £	2013 £
Aggregate emoluments and benefits	197,833	410,526
Compensation for loss of office	556,659	-
Company pension contributions to money purchase schemes	19,686	76,954
	774,178	487,480

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Notes to the financial statements for the year ended 30 November 2014 (continued)

7 Employee information

The average weekly number of persons employed by the Group including executive directors during the year was:

	2014	2013
	Number	Number
Directors and management	102	98
Administration staff	26	25
Weekly paid production employees	192	160
Total	320	283

Employment costs – all employees including executive directors:

	2014	2013
	£	£
Wages and salaries	11,193,093	9,380,265
Social security costs	1,480,720	1,241,925
Other pension costs (Note 20)	600,993	611,117
	13,274,806	11,233,307

8 Interest receivable and similar income

	2014	2013
	£	£
Bank interest	1,409	-
Other interest receivable	45,246	13,854
	46,655	13,854

9 Interest payable and similar charges

	2014	2013
	£	£
Interest payable on:		
Bank overdrafts	582,920	775,909
Finance leases	877	1,650
Other	696	1,258
	584,493	778,817

Bancon Developments Holdings Limited

Notes to the financial statements for the year ended 30 November 2014 (continued)

10 Tax on profit on ordinary activities

	2014 £	2013 £
Current tax:		
UK corporation tax on profits of the year	231,791	782,616
Adjustment in respect of previous periods	(41,481)	(83,238)
Total current tax	190,310	699,378
Deferred tax:		
Origination and reversal of timing differences	(18,221)	(44,650)
Adjustments in respect of previous periods	(17,471)	91,296
Change in tax rate	952	31,046
Total deferred tax (note 19)	(34,740)	77,692
Tax on profit on ordinary activities	155,570	777,070

The tax assessed for the year is higher (2013: higher) than the companies rate of corporation tax in the UK 17.2% (2013: 21.7%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	1,097,983	3,197,640
Profit on ordinary activities multiplied by the standard rate in UK 17.2% (2013: 21.7%)	188,683	694,175
Effects of:		
Accelerated capital allowances/other timing differences	18,221	81,192
Expenses not deductible for tax purposes	7,613	14,523
Income not taxable for tax purposes	(1,247)	(7,274)
Adjustments to tax charge in respect of previous period	(41,481)	(83,238)
Group relief surrendered not paid	18,521	-
Current tax charge for the year	190,310	699,378

The rate at which the group pays corporation tax differs to the standard rate due to the group being part of a group relief scheme and therefore the group tax rate is a blended rate of the subsidiary companies within the scheme.

In addition to the changes in rates of Corporation tax disclosed within the note on taxation a number of further changes to the UK Corporation tax rates were substantively enacted as part of the Finance Act 2013 on 2 July 2013. These include reductions to the main rate to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015. As these changes had been substantively enacted before the balance sheet date their effects are included in these financial statements.

Bancon Developments Holdings Limited

Notes to the financial statements for the year ended 30 November 2014 (continued)

11 Intangible fixed assets

Group	Trade Licences £
Cost	
At 1 December 2013 and 30 November 2014	15,500

12 Tangible fixed assets

Group	Tenant's improvements £	Land and buildings £	Plant and machinery £	Motor vehicles £	Total £
Cost					
At 1 December 2013	530,978	524,694	3,435,905	715,507	5,207,084
Additions	704	15,325	344,344	82,142	442,515
Disposals	-	-	(40,578)	(206,073)	(246,651)
At 30 November 2014	531,682	540,019	3,739,671	591,576	5,402,948
Accumulated depreciation					
At 1 December 2013	412,082	498,638	3,028,137	580,744	4,519,601
Charge for the year	42,508	27,588	177,761	102,909	350,766
Disposals	-	-	(40,375)	(201,449)	(241,824)
At 30 November 2014	454,590	526,226	3,165,523	482,204	4,628,543
Net book amount					
At 30 November 2014	77,092	13,793	574,148	109,372	774,405
At 30 November 2013	118,896	26,056	407,768	134,763	687,483

Net carrying amount under finance lease included in plant and machinery/motor vehicles £54,612 (2013:Nil).

Company

The Company holds no tangible fixed assets.

Bancon Developments Holdings Limited

Notes to the financial statements for the year ended 30 November 2014 (continued)

13 Investments

Company	Total
	£
Cost and net book value	
At 1 December 2013 and 30 November 2014	666

Interests in subsidiary undertakings

Shares in subsidiary undertakings comprise the cost of investments in subsidiary undertakings. Details of principal subsidiary undertakings are as follows:

Name of company and country of registration and operation	Description of shares held	Proportion of nominal value of issued shares held by:		Principal activity
		Group	Company	
Bancon Developments Limited Scotland	665 Ord £1 shares	100%	100%	House builder
Bancon Construction Limited Scotland	200 Ord 50p shares	100%	-	Building and contracting
Bancon Homes Limited Scotland	100 Ord £1 shares	100%	-	House builders
Bancon Homes (Deeside) Limited Scotland	100 Ord £1 shares	100%	-	House builders
Bancon Homes (Donside) Limited Scotland	100 Ord £1 shares	100%	-	House builders
Deeside Timberframe Limited Scotland	1 Ord £1 share	100%	-	Timberframe manufacture
Screedflo (Aberdeen) Limited	1 Ord £1 share	100%	-	Installers of concrete screed flooring
Bancon Aspire Limited	1 Ord £1 share	100%	100%	House Builder

The directors believe that the carrying value of the investments is supported by their underlying net assets.

Group	Investments
	£
Cost and net book value	
Balance at 1 December 2013 and 30 November 2014	50

50 £1 shares in Ringlink (Scotland) Limited. Ringlink (Scotland) Limited provides labour resources to companies within the construction industry.

Bancon Developments Holdings Limited

Notes to the financial statements for the year ended 30 November 2014 (continued)

13 Investments (continued)

Group	2014	2013
	£	£
Investments in joint ventures		
At 1 December	304,532	25,420
Share of profit retained by joint ventures	138,013	279,112
At 30 November	442,545	304,532

The Group has invested in a joint venture, Tornadee Limited, a company registered in Scotland. Tornadee Limited's principal activity is construction and property development and Bancon Development Limited owns 50% of the ordinary share capital of that company.

The Group has invested in a joint venture, Leys Business Services Limited, a company registered in Scotland. Leys Business Services Limited's principal activity is the provision of support services and Bancon Development Holdings Limited owns 50% of the ordinary share capital of that company.

Group's share of joint ventures	2014	2013
	£	£
Turnover	1,608,729	997,681
Profit before and after tax	138,013	279,112
Current assets	2,486,873	3,039,028
Liabilities due within one year	(2,044,328)	(2,734,496)
Share of net assets	442,545	304,532

Name of company and country of registration and operation	Description of shares held	Proportion of nominal value of issued shares held	Principal activity	Accounting period of joint venture
Tornadee Ltd – Scotland	50 Ord £1 shares	50%	Land and property development	31 st March
Leys Business Services	1 Ord £1 share	50%	Service provider	31 st March

14 Stocks

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Raw materials and consumables	430,712	259,575	-	-
Part Exchange Properties	-	1,035,000	-	-
Work in progress	30,616,938	26,532,376	-	-
	31,047,650	27,826,951	-	-

Bancon Developments Holdings Limited

Notes to the financial statements for the year ended 30 November 2014 (continued)

15 Debtors

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	18,704,522	10,456,445	-	-
Other debtors	2,072,120	2,742,415	-	-
Deferred taxation (note 19)	196,690	161,950	-	-
Prepayments and accrued income	828,296	410,042	-	-
	21,801,528	13,770,852	-	-
Amounts falling due after more than one year				
Amounts due from related parties	706,695	-	-	-
Amounts due from joint venture undertakings	3,092,043	3,324,194	-	-
	25,600,366	17,095,046	-	-

16 Creditors – amounts falling due within one year

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Bank loans and overdrafts	18,690,266	12,405,500	-	-
Trade creditors	11,278,669	8,835,917	-	-
Corporation tax	179,674	694,841	-	-
Other taxation and social security	359,138	286,683	-	-
Obligations under finance leases	82,665	-	-	-
Payments received in advances	646,497	493,963	-	-
Other creditors	333,603	38,965	1	1
Accruals and deferred income	6,590,719	5,237,093	-	-
	38,161,231	27,992,962	1	1

The bank loans of the Group are secured by a floating charge over the Group assets in favour of Santander UK plc.

Bancon Developments Holdings Limited

Notes to the financial statements for the year ended 30 November 2014 (continued)

17 Creditors – amounts falling due after more than one year

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Other creditors	1,006,695	-	-	-
Termination bonus	833,000	722,924	-	-
Dilapidation provision	79,500	79,500	-	-
	1,919,195	802,424	-	-

The termination bonus relates to the provision of exit payments to senior management.

18 Deferred income

	2014	2013
	£	£
At 1 December	50,583	65,583
Amortisation	(15,000)	(15,000)
At 30 November	35,583	50,583

The deferred income comprises Regional Selective Assistance grants received from the Scottish Executive.

Bancon Developments Holdings Limited

Notes to the financial statements for the year ended 30 November 2014 (continued)

19 Deferred Tax

Group	2014 £	2013 £
Deferred tax asset		
At 1 December	(161,950)	(239,642)
(Credited)/charged to profit and loss account	(34,740)	77,692
At 30 November (note 15)	(196,690)	(161,950)

Deferred taxation provided in these financial statements at a rate of 20% (2013: 20%), comprises:

	Group		Company	
	2014 £	2013 £	2014 £	2013 £
Accelerated capital allowances	(50,377)	(13,751)	-	-
Other timing differences	(146,313)	(148,199)	-	-
	(196,690)	(161,950)	-	-

20 Pension and similar obligations

The Group operates a defined contribution money purchase pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The charge against profits is the amount of contributions payable to the scheme and amounted to £600,993 (2013: £611,117).

The Group also contributes to various money pension schemes on behalf of the directors of the various Group companies. The assets of these schemes are held separately from those of the Group in independently administered funds.

Contributions amounting to £206,610 (2013: £47,510) were payable at the year end.

Bancon Developments Holdings Limited

Notes to the financial statements for the year ended 30 November 2014 (continued)

21 Called up share capital

	2014	2013
Group	£	£
Authorised		
1000 "A" ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
665 "A" ordinary shares of £1 each	665	665
	2014	2013
Company	£	£
Authorised		
1000 "A" ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
665 "A" ordinary shares of £1 each	665	665

22 Reserves

	Profit and loss account
	£
Group	
At 1 December 2013	18,173,905
Profit for the financial year	942,413
At 30 November 2014	19,116,318

The profit for the financial year for the Company was £nil (2013: £nil). The directors have taken advantage of the exemption available under Section 408 of the Companies Act 2006 and not presented a profit and loss account for the Company.

Bancon Developments Holdings Limited

Notes to the financial statements for the year ended 30 November 2014 (continued)

23 Reconciliation of movements in total shareholders' funds

	2014	2013
Group	£	£
Opening shareholders' funds	18,174,570	15,754,000
Profit for the financial year	942,413	2,420,570
Closing shareholders' funds	19,116,983	18,174,570

	2014	2013
Company	£	£
Opening shareholders' funds	665	665
Profit for the financial year	-	-
Closing shareholders' funds	665	665

24 Reconciliation of operating profit to net cash (outflow)/inflow from operating activities

	Note	2014	2013
		£	£
Operating profit		1,497,808	3,683,491
Depreciation on tangible fixed assets	12	350,766	385,347
Amortisation of deferred grant	18	(15,000)	(15,000)
Gain on sale of tangible fixed assets		(36,583)	(2,242)
(Increase)/Decrease in stocks	14	(3,220,699)	8,781,439
Increase in debtors	15	(8,470,580)	(3,815,540)
Increase in creditors	16/17	5,432,776	4,889,036
Net cash (outflow)/inflow from continuing operating activities		(4,461,512)	13,906,531

Bancon Developments Holdings Limited

Notes to the financial statements for the year ended 30 November 2014 (continued)

25 Analysis of changes in net debt

	At 1 December 2013	Cash flow	At 30 November 2014
	£	£	£
Cash at bank and in hand	1,090,977	261,499	1,352,476
Overdrafts	(12,405,500)	(6,284,766)	(18,690,266)
Total	(11,314,523)	(6,023,267)	(17,337,790)

26 Reconciliation of net cash flow to movement in net debt

	2014	2013
	£	£
(Decrease)/Increase in cash in the year	(6,105,932)	12,556,071
Cash used to repay principal under finance leases	82,665	-
Movement in net debt in the year	(6,023,267)	12,556,071
Net debt at start of year	(11,314,523)	(23,870,594)
Net debt at end of year	(17,337,790)	(11,314,523)

27 Commitments

The Group (Company:nil) has minimum annual commitments under non-cancellable operating leases which expire as follows:

	2014	2013
	£	£
Plant and equipment		
In under one year	40,129	20,364
Within two and five years inclusive	222,461	265,713
Total	262,590	286,077
Land and building		
In under one year	12,000	12,000
Within two and five years inclusive	130,000	119,000
Total	142,000	131,000

Bancon Developments Holdings Limited

Notes to the financial statements for the year ended 30 November 2014 (continued)

28 Related party transactions

During the year the Group made sales of £412,131 (2013: £841,947) and purchases of £998,225 (2013: £469,557) to and from related parties. These parties are JCA Burnett of Leys, a director, and his family and entities under their control.

	Sales £	Purchases £
Leys Business Services	4,563	167,695
Tornadee Ltd	13,337	-
Other parties under the control of the family	394,031	830,530

The directors consider these transactions to have been on an arms-length basis.

At the year-end £270,184 (2013: £424,396) was owed to the Group by related parties and £46,249 (2013: £84,191) owed to related parties.

	Debtors £	Creditors £
Leys Business Services	101	32,524
Other parties under the control of the family	1,101,778	13,725

29 Controlling party

The directors regard JCA Burnett of Leys and his family as the ultimate controlling party by virtue of their individual shareholdings.

30 Post balance sheet events

With the exception of the tax rate changes discussed in Note 10, there were no other material post balance sheet events which have a bearing on the understanding of the financial statements.