

Martin Grant Homes Limited

Annual Report and Financial Statements

For the year ended 31 December 2017

Registered number: 01363485

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Martin Grant Homes Limited

Annual report and financial statements for the year ended 31 December 2017

Contents	Page
Strategic report	3
Directors' report	5
Directors' responsibilities statement	6
Independent auditor's report	7
Consolidated statement of comprehensive income	9
Consolidated balance sheet	10
Company balance sheet	11
Consolidated statement of changes in equity	12
Company statement of changes in equity	13
Consolidated statement of cash flow	14
Notes to the financial statements	15

Martin Grant Homes Limited

Strategic report

The directors, in preparing this strategic report, have complied with s414c of the Companies Act 2006.

This strategic report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Martin Grant Homes Limited and its subsidiary undertakings when viewed as a whole.

Review of the business, including key performance indicators

The UK housing market in the areas in which we operate has been and remains buoyant resulting in strong sales due to the quality of our product and the locations of our sites.

Margins have improved on land purchased in the last two years, although land prices are rising.

The period since the vote by the United Kingdom to leave the European Union "Brexit" so far has seen variable demand in the residential housing market with the overall trend in our principal areas of operation being a softening trend this is anticipated to continue throughout this year, however programmed sales are still largely being achieved.

The results of the Group for the year are set out on page 9. The financial position at the year end is shown on page 10 for the Group and page 11 for the Company.

The principal risks facing the Group are sales income related and these risks have substantially reduced in the year due to strong performance securing forward exchange of contracts. We have seen that market sales prices are continuing to increase, although the pace of the price growth is slowing down. Barclays Bank are now the sole bankers to Martin Grant Homes Limited and we currently have in place a £40m three year facility (extendable to £60m and four years, if required). This relationship has been extremely close and supportive and has run for a 36 year unbroken period. The business achieved a strong cash balance in excess of £22.2m at the year end.

Key Performance Indicators:

	2017	2016
Number of sites under construction	14	16
Turnover	£67.88m	£88.1m
Average unit sales price	£358,970	£394,104
Gross Margin % From Private Housing Sales	32.6%	24.6%

Land with planning permission or resolution to grant planning permission owned or under the Group's control amounted to 1,012 units at the year end (2016 – 1,164 units). We also, either own or control an interest in additional land for a further potential of up to 4,520 units (2016 – 4,987 units) which is currently being progressed or promoted through the planning system.

We are in a good position to take advantage of our large sites with planning permission, where sales are strong.

Most future land expenditure is either land under option or sites where we have control over when or if payments will be made. This leaves us in control of our cash reserves and not committed to significant future purchases or in possession of high value speculative land.

We are waiting to take advantage of opportunities that present themselves whilst remaining cautious given the UK economic situation. We continue to manage our risk profile through a very tight strategy on land purchases and strict cash flow management.

Principal risks and uncertainties

The Group's activities expose it to a number of financial risks including cash flow risk, credit risk, liquidity risk and price risk. The Group does not use derivative financial instruments for speculative purposes. The principal risks facing the Group are sales income related. Sales prices are slowly rising. The risks have substantially reduced.

Cash flow risk

The Group is exposed to the risk of variability in interest rates. For cost/benefit reasons the company chooses not to mitigate this risk.

Credit risk

The Group's principal financial assets are bank balances, trade and other receivables. The Group does not have any significant concentration of risk with respect to receivables.

Martin Grant Homes Limited

Strategic report (continued)

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group uses a mixture of long-term and short-term debt finance. The Group also actively manages working capital, primarily by ensuring that houses are sold in accordance with planned expectations.

Price risk

The Group is exposed to price risk arising on build costs. For cost/benefit reasons the company chooses not to mitigate this risk.

Financing and going concern

The Group had in excess of £22.2m (2016 - £28.3m) in cash at the year end. Whilst there are risks and uncertainties in the current market, Martin Grant Homes Limited continues to focus on cost control and cash management and on maintaining an open and constructive dialogue with its bankers. The Group benefits from very strong relationships with Barclays Bank due to the unbroken 36 year record with them. The Directors have taken current market conditions into account in reviewing the Martin Grant Homes Limited's future cash flow projections and consider that those projections are based on reasonable assumptions. Accordingly, the Directors have concluded that it is appropriate to prepare the financial statements of the Group on the going concern basis.

Environmental matters

The Martin Grant Homes Group of companies is an established developer, building quality houses in the South of England. Our objective is to create environmentally sensitive and sustainable developments providing a sense of place and community spirit, using sound best practice principles.

As a responsible house builder we recognise our responsibilities to our customers and the wider community. We are committed to designing homes in association with planners and industry bodies that are energy efficient, incorporating environmental performance best practice schemes, assessing energy efficiency, transport, materials, recycling, ecology, water efficient appliances/ conservation, pollution, health and well-being. We are also employing renewable energy technology to reduce consumption of fossil fuels and carbon dioxide emissions.

In conjunction with this, we ensure our developments recognise the natural environment and its landscape setting. We strive to protect, preserve and enhance the natural site features and work closely with the environment agency, natural England and local wildlife groups, to deal with protected flora and fauna habitats, seeking to enhance landscape/habitat and to encourage/increase biodiversity.

Future developments

The Martin Grant Group continues to develop existing sites to achieve ongoing sales in addition to identifying and acquiring sites suitable for development in the continued furtherance of our business.

There have been no significant events since the balance sheet date.

Approved by the Board and signed on its behalf by:



J P Malovany
Company Secretary

25 April 2018

Registered office:

Grant House,
Felday Road,
Abinger Hammer,
Dorking,
Surrey,
RH5 6Q

Martin Grant Homes Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2017.

Principal activity

The principal activities of the Group are that of house building and property development.

Future developments and events after the balance sheet date

Details of expected future developments and events that have occurred after the balance sheet date can be found in the Strategic Report on pages 3 - 4 and form part of this report by cross-reference.

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

Directors

The Directors who served during the year and subsequent to the year end are as follows:

L N Grant
J P Malovany
C A Hamilton
J A Matuszewski
A J Charman
A P Threader
D P Markall
T J Farmer (resigned 7 March 2017)

Charitable Donations

During the year, the Group made donations of £19,945 (2016 - £14,974) to various local and national charities.

Dividends

A dividend of £11,000,000 was paid on the 22nd December 2017 to Martin Grant (Holdings) Limited (2016 - £5,000,000)

Auditor


Deloitte LLP has expressed its willingness to continue in office as auditor of the group and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the group's auditor is unaware; and
- (2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:


J P Malovany
Company Secretary

Registered office:
Grant House,
Felday Road,
Abinger Hammer,
Dorking,
Surrey,
RH5 6QP

25 April 2018

Martin Grant Homes Limited

Directors' responsibilities statement

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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Martin Grant Homes Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Martin Grant Homes Limited (the 'parent company') and its subsidiaries (the 'group') which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 25.

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).

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 the 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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of Martin Grant Homes Limited

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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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 for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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.

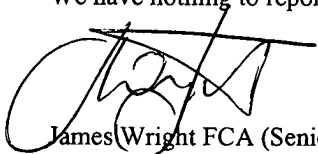
In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in [the strategic report or] the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.



James Wright FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Crawley, United Kingdom

25 April 2018

Martin Grant Homes Limited

Consolidated statement of comprehensive income For the year ended 31 December 2017

	Note	2017 £	2016 £
Turnover	1, 3	67,874,701	88,103,408
Cost of sales		<u>(45,673,995)</u>	<u>(69,361,583)</u>
Gross profit		22,200,706	18,741,825
Administrative expenses		(7,186,346)	(6,445,915)
Other operating income	3	<u>189,185</u>	<u>674,808</u>
		<u>(6,997,161)</u>	<u>(5,771,107)</u>
Operating profit		15,203,545	12,970,718
Finance costs (net)	7	<u>(1,176,438)</u>	<u>(1,777,302)</u>
Profit before taxation	4	14,027,107	11,193,416
Tax charge on profit	8	<u>(2,830,851)</u>	<u>(2,207,704)</u>
Total comprehensive income for the financial year		<u><u>11,196,256</u></u>	<u><u>8,985,712</u></u>

All the results derive from continuing operations.

There were no other recognised gains or losses for the current and preceding financial years other than as stated above. Accordingly no statement of comprehensive income is given.

Martin Grant Homes Limited

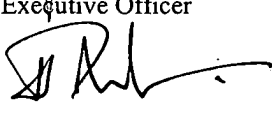
Consolidated balance sheet At 31 December 2017

	Note	£	2017 £	£	2016 £
Fixed assets					
Tangible assets	11		546,168		450,094
Current assets					
Stocks	13	88,022,187		56,356,505	
Debtors:					
- due within one year	14	5,410,781		1,445,717	
- after one year	14	349,167		307,256	
Cash at bank and in hand		22,295,655		28,336,452	
			116,077,790	86,445,930	
Creditors: amounts falling due within one year	16	(53,232,070)		(34,080,340)	
Net current assets			62,845,720		52,365,590
Total assets less current liabilities			63,391,888		52,815,684
Creditors: amounts falling due after more than one year	17		(30,198,556)		(19,818,608)
Net assets			33,193,332		32,997,076
Capital and reserves					
Called-up share capital	18		10,000		10,000
Capital reserve		7,643,446		7,643,446	
Profit and loss account		25,539,886		25,343,630	
			33,183,332		32,987,076
Total Shareholder's funds			33,193,332		32,997,076

The financial statements of Martin Grant Homes Limited (registered number 01363485) were approved by the board of directors and authorised for issue on 25 April 2018.

They were signed on its behalf by:


L N Grant
Chairman and Chief Executive Officer


J P Malovany
Group Finance Director

Martin Grant Homes Limited


Company balance sheet At 31 December 2017

	Note	2017	2016
		£	£
Fixed assets			
Tangible assets	11	546,168	450,094
Investments	12	6,533,867	6,533,867
		<u>7,080,035</u>	<u>6,983,961</u>
Current assets			
Stocks	13	86,546,714	54,570,098
Debtors:			
- due within one year	14	5,401,146	1,427,869
- after one year	14	349,167	307,256
Cash at bank and in hand		22,268,265	28,335,159
		<u>114,565,292</u>	<u>84,640,382</u>
Creditors: amounts falling due within one year	16	(61,511,698)	(42,099,462)
Net current assets		<u>53,053,594</u>	<u>42,540,920</u>
Total assets less current liabilities		<u>60,133,629</u>	<u>49,524,881</u>
Creditors: amounts falling due after more than one year	17	(30,202,962)	(19,813,608)
Net assets		<u>29,930,667</u>	<u>29,711,273</u>
Capital and reserves			
Called-up share capital	18	10,000	10,000
Capital reserve		5,664,139	5,664,139
Profit and loss account		24,256,528	24,037,134
		<u>29,920,667</u>	<u>29,701,273</u>
Total Shareholder's funds		<u>29,930,667</u>	<u>29,711,273</u>

The financial statements of Martin Grant Homes Limited (registered number 01363485) were approved by the board of directors and authorised for issue on 25 April 2018.

They were signed on its behalf by:


L N Grant
Chairman and Chief Executive Officer


J P Malovany
Group Finance Director

Martin Grant Homes Limited

Consolidated statement of changes in equity At 31 December 2017

	Called-up share capital £	Capital reserve £	Freehold revaluation reserve £	Profit and loss account £	Total £
At 31 December 2015	10,000	2,643,446	94,523	21,228,295	23,976,264
Previous years deferred tax provision	-	-	35,100	-	35,100
Profit for the financial year	-	-	-	8,985,712	8,985,712
Parent Company Investment	-	5,000,000	-	-	5,000,000
Transfer to Profit & Loss Account	-	-	(129,623)	129,623	-
Total comprehensive income	10,000	7,643,446	-	30,343,630	37,997,076
Dividend	-	-	-	(5,000,000)	(5,000,000)
At 31 December 2016	10,000	7,643,446	-	25,343,630	32,997,076
Profit for the financial year	-	-	-	11,196,256	11,196,256
Total comprehensive income	10,000	7,643,446	-	36,539,886	44,193,332
Dividend	-	-	-	(11,000,000)	(11,000,000)
At 31 December 2017	10,000	7,643,446	-	26,539,886	33,193,332

Martin Grant Homes Limited

Company statement of changes in equity At 31 December 2017

	Called-up share capital £	Capital reserve £	Freehold revaluation reserve £	Profit and loss account £	Total £
At 31 December 2015	10,000	664,139	94,523	19,937,532	20,706,194
Previous years deferred tax provision	-	-	35,100	-	35,100
Profit for the financial year	-	-	-	8,969,979	8,969,979
Parent Company Investment	-	5,000,000	-	-	5,000,000
Transfer to Profit and Loss Account	-	-	(129,623)	129,623	-
Total comprehensive income	10,000	5,664,139	-	29,037,134	34,711,273
Dividend	-	-	-	(5,000,000)	(5,000,000)
At 31 December 2016	10,000	5,664,139	-	24,037,134	29,711,273
Previous years deferred tax provision	-	-	-	-	-
Profit for the financial year	-	-	-	11,219,394	11,219,394
Parent Company Investment	-	-	-	-	-
Transfer to Profit and Loss Account	-	-	-	-	-
Total comprehensive income	10,000	5,664,139	-	35,256,528	40,930,667
Dividend	-	-	-	(11,000,000)	(11,000,000)
At 31 December 2017	10,000	5,664,139	-	24,256,528	29,930,667

Martin Grant Homes Limited

Consolidated statement of cash flow For the year ended 31 December 2017

	Note	2017 £	2016 £
Net cash flows from operating activities	24(a)	(4,064,470)	20,107,556
Cash flows from investing activities			
Proceeds from sale of equipment		-	11,450
Proceeds from sale of investment properties		-	2,827,540
Purchase of equipment		(225,842)	(228,643)
Interest received		10,318	28,570
Interest paid		(1,128,262)	(1,872,806)
Net cash flows from investing activities		<u>(1,343,786)</u>	<u>766,111</u>
Cash flows from financing activities			
Dividends paid		(11,000,000)	(5,000,000)
Parent Company Investment		-	5,000,000
New bank loans (repaid)		10,370,000	(8,246,636)
Net cash flows from financing activities		<u>(630,000)</u>	<u>(8,246,636)</u>
Net (decrease)/increase in cash and cash equivalents		<u>(6,038,256)</u>	<u>12,627,031</u>
Cash and cash equivalents at beginning of year		<u>28,333,911</u>	<u>15,706,880</u>
Cash and cash equivalents at end of year		<u>22,295,655</u>	<u>28,333,911</u>
Reconciliation to cash at bank and in hand:			
Cash at bank and in hand		22,295,655	28,336,452
Bank Overdraft		-	(2,541)
Cash and cash equivalents		<u>22,295,655</u>	<u>28,333,911</u>

Martin Grant Homes Limited

Notes to the financial statements For the year ended 31 December 2017

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

General information and basis of accounting

Martin Grant Homes Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 2. The nature of the Group's operations and its principal activities are set out in the strategic report on pages 3 to 4.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Martin Grant Homes Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed.

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation. In accordance with Section 35 of FRS 102, Section 19 of FRS 102 has not been applied in these financial statements in respect of business combinations effected prior to the date of transition.

Financing and going concern

The Group had in excess of £22.2m in cash at the year end. Whilst there are risks and uncertainties in the current market, Martin Grant Homes Limited continues to focus on cost control and cash management and on maintaining an open and constructive dialogue with its bankers. The Group benefits from very strong relationships with Barclays Bank due to the unbroken 36 year record with them. The Directors have taken current market conditions into account in reviewing the Martin Grant Homes Limited's future cash flow projections and consider that those projections are based on reasonable assumptions. Accordingly, the Directors have concluded that it is appropriate to prepare the financial statements of the Group on the going concern basis.

Martin Grant Homes Limited

Notes to the financial statements (continued) For the year ended 31 December 2017

1. Accounting policies (continued)

Tangible fixed assets and depreciation

Fixed assets are initially recorded at cost.

Investment properties are revalued annually and the aggregate surplus or deficit is recorded through the profit and loss account. The basis of the valuation is disclosed in note 11.

For all fixed assets other than investment properties, depreciation is calculated to write off their cost by equal annual instalments over their estimated useful lives which are considered to be:

Plant, machinery and equipment	-	3 - 5 years
Motor vehicles	-	4 years

Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value.

Work in progress

Work in progress is valued at the lower of cost and net realisable value and includes cost of land, materials, direct labour and construction overheads appropriate to the relevant stage of construction.

Taxation

Current UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Deferred tax is not recognised when fixed assets are revalued, unless by the balance sheet date there is a binding agreement to sell the revalued asset and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Martin Grant Homes Limited

Notes to the financial statements (continued) For the year ended 31 December 2017

1. Accounting policies (continued)

Turnover

There are two types of turnover in Martin Grant Homes Limited; the majority of turnover is the value of house sales wholly undertaken within the United Kingdom which have been completed within the year, and of sales of land together with the sales value of contract work invoiced during the year, all arising from the Group's principal activity.

All other turnover arises from social housing developments recognised under long-term contract accounting, turnover is recognised with reference to the stage of completion of the project as assessed by an independent valuer, and profit by reference to the margin forecast across the related development site. A profit of 1.88% (2016 – 1.15%) was recognised on the current social housing long term contracts that exceed 2 years.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

Accounting as a lessor

Operating lease income is recognised on a straight-line basis over the term of the relevant lease, this is included within other income in the profit and loss account.

Leases

Rentals under operating leases are charged to profit and loss in equal annual amounts over the lease term.

Pension costs

The group operates a defined contribution pension scheme covering the majority of its employees. The pension cost represents the contributions payable to the pension scheme in respect of the accounting period (note 5). There were no material contributions outstanding at the start or the end of the financial year.

Financial instruments

Financial instruments are classified, and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Martin Grant Homes Limited

Notes to the financial statements (continued) For the year ended 31 December 2017

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Land held for development as work in progress

Inventories are held at the lower of cost and net realisable value. To assess the net realisable value of land held for development and capitalised costs associated with the promotion of the land, the Directors consider the strategic viability of a future development and the likelihood of obtaining planning permission. Where the Directors consider there is no prospect of recovering costs incurred in relation to the acquisition or promotion of land the capitalised costs are impaired.

Key Sources of Estimation Uncertainty

No key sources of estimation uncertainty, with the potential to materially affect the subsequent year's financial results, were identified.

3. Turnover and revenue

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

	2017 £	2016 £
Sale of goods	60,906,269	81,809,926
Income from construction contracts	6,968,432	6,293,482
	<u>67,874,701</u>	<u>88,103,408</u>

Other operating income

	2017 £	2016 £
Rental income	55,639	122,474
Sundry Income	133,546	70,440
Lease extensions income	-	173,033
Release of Provision for losses	-	308,861
	<u>189,185</u>	<u>674,808</u>

Martin Grant Homes Limited

Notes to the financial statements (continued) For the year ended 31 December 2017

4. Profit before taxation

	2017 £	2016 £
Profit before taxation is after charging/(crediting):		
Depreciation of fixed assets	127,193	110,246
Gains on lease extensions	-	(173,033)
Rentals under operating leases	402,523	433,772
Exchange (gains)	(1,123)	(8,936)
Profit on fair value movement of investment property	-	(38,260)
	<u> </u>	<u> </u>
The analysis of auditor's remuneration is as follows:		
Fees payable to the company's auditor for the audit of the group's annual financial statements	60,000	51,500
Fees payable to the company's auditor for non-audit fees – tax services	50,530	63,950
	<u> </u>	<u> </u>

5. Directors remuneration and transactions

	2017 £	2016 £
Directors' remuneration		
Emoluments	2,026,766	1,622,969
Group contributions to defined contribution pension schemes	158,590	67,000
	<u> </u>	<u> </u>
	2,185,356	1,689,969
	<u> </u>	<u> </u>
	£	£
Remuneration of the highest paid director		
Emoluments	753,490	380,863
Group contributions to defined contribution pension schemes	30,409	23,976
	<u> </u>	<u> </u>
	784,349	404,839
	<u> </u>	<u> </u>
	No.	No.
Number of directors accruing benefits under defined contribution pension schemes	7	7
	<u> </u>	<u> </u>

Martin Grant Homes Limited

Notes to the financial statements (continued) For the year ended 31 December 2017

6. Staff numbers and costs

	2017 No.	2016 No.
Average number of persons employed		
Administration staff	56	54
Construction staff	27	24
	<u>83</u>	<u>78</u>
	£	£
Staff costs during the year (including directors)		
Wages and salaries	5,512,790	4,816,396
Social security costs	627,792	548,098
Other pension costs	321,497	220,541
	<u>6,462,079</u>	<u>5,585,035</u>

7. Finance costs (net)

	2017 £	2016 £
Interest payable and similar charges	1,186,756	1,805,872
Less: Investment income	(10,318)	(28,570)
	<u>1,176,438</u>	<u>1,777,302</u>

Investment income

	2017 £	2016 £
Bank deposit interest	8,062	26,855
Other interest receivable and similar income	2,256	1,715
	<u>10,318</u>	<u>28,570</u>

Interest payable and similar charges

	2017 £	2016 £
Bank loans and overdrafts	553,128	772,813
Interest payable on loan due to C Grant	-	-
Bank Charges	633,628	1,033,059
	<u>1,186,756</u>	<u>1,805,872</u>

Martin Grant Homes Limited

Notes to the financial statements (continued) For the year ended 31 December 2017

8. Tax charge on profit

The tax charge comprises:

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the period	2,720,494	2,213,961
Adjustment in respect of previous periods	114,993	(2,412)
Total current tax	<u>2,835,487</u>	<u>2,211,549</u>
Deferred tax		
Origination and reversal of timing differences	(5,249)	(2,992)
Effect of changes in tax rates	613	(853)
Total deferred tax	<u>(4,636)</u>	<u>(3,845)</u>
Total tax on profit	<u><u>2,830,851</u></u>	<u><u>2,207,704</u></u>

The Finance (No 2) Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020, was substantively enacted on 26 October 2015. Subsequently, the Finance Act 2016, which provides for a further reduction in the main rate of corporation tax to 17% effective from 1 April 2020, was substantively enacted on 6 September 2016. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2017 £	2016 £
Profit before tax	14,027,107	11,193,416
Profit at the standard tax rate of corporation tax of 19.25% (2016 – 20%)	<u>2,699,738</u>	<u>2,238,683</u>
Effects of:		
Expenses not deductible	91,521	33,140
Income not taxable	(80,499)	(100,649)
Effects of group relief	4,485	4,769
Effects of chargeable gains	-	35,026
Adjustment in respect of prior periods	114,993	(2,412)
Tax rate changes	613	(853)
Total tax charge for the year	<u><u>2,830,851</u></u>	<u><u>2,207,704</u></u>

9. Profit attributable to the company

The profit for the financial year after taxation, dealt with in the financial statements of the parent company was £11,219,394 (2016 – £8,969,979). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent company.

Martin Grant Homes Limited

Notes to the financial statements (continued) For the year ended 31 December 2017

10. Dividends declared

	Per £1 ordinary share £	2017 £	Per £1 ordinary share £	2016 £
Dividend declared	1,100	11,000,000	500	5,000,000

11. Tangible fixed assets

Company & Group	Investment properties £	Plant, machinery and equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 January 2017	136,070	952,370	157,697	1,246,137
Additions	66,025	159,817	-	225,842
Disposals	-	(762)	-	(762)
Revaluation write off	(2,270)	-	-	(2,270)
At 31 December 2017	199,825	1,111,425	157,697	1,468,947
Accumulated depreciation				
At 1 January 2017	-	712,318	83,725	796,043
Charge for the year	-	91,450	35,743	127,193
Disposals	-	(457)	-	(457)
At 31 December 2017	-	803,311	119,468	922,779
Net book value				
At 31 December 2017	199,825	308,114	38,229	546,168
At 31 December 2016	136,070	240,052	73,972	450,094

i. Investment properties

Investment properties, which are all freehold, were revalued to fair value at 31 December 2017, based on a valuation undertaken by Mr A G Wilson FRICS, (unless provided externally by Savills or White & Sons), a valuer with recent experience in the location and class of the investment property being valued. The method of determining fair value was either by the comparative basis or by capitalisation which included assumptions applied on the basis of similar properties in the area and their condition and location and experience and knowledge or rental values and yields of commercial and retail properties.

As set out in note 3, property rental income earned during the year was £55,639 (2016 - £122,474). No contingent rents have been recognised as income in the current or prior year.

There are no contractual obligations for the further purchase or construction of investment property – however Martin Grant Homes Limited is responsible for the ongoing repairs and maintenance of the properties it leases.

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	2017 £	2016 £
Within one year	10,800	8,450
In the second to fifth years inclusive	43,200	33,800
After five years	162,000	126,750

Martin Grant Homes Limited

Notes to the financial statements (continued) For the year ended 31 December 2017

11. Tangible fixed assets (continued)

If land and buildings had not been revalued they would have been included at the following amounts:

	2017 Investment properties £	2016 Investment properties £
Group and Company		
Cost	199,825	136,070
Depreciation	-	-
Carrying value	199,825	136,070

12. Fixed asset investments

Company

	Shares in subsidiary undertakings £	Loans to subsidiary undertakings £	Total £
Cost			
At 31 December 2016 and 31 December 2017	4,200,326	2,378,001	6,578,327
Provision			
At 31 December 2016 and 31 December 2017	44,460	-	44,460
Net book value			
At 31 December 2016 and 31 December 2017	4,155,866	2,378,001	6,533,867

The company owns the whole of the issued ordinary share capital of the following companies, all of which are incorporated in Great Britain and registered in England and Wales:

Company	Nature of business
Martin Grant Homes (Essex) Limited	Housebuilding and property development
Martin Grant Homes (Brentwood) Limited	Housebuilding and property development
Ensign Group Limited	Housebuilding and property development
Bovenex Limited	Dormant
Parbow Properties Limited	Dormant
Bellmead Limited	Dormant
D D Hayter Limited	Dormant
Ensign Homes Limited	Dormant
Ensign (SW) Limited	Dormant
Ensign (East Anglia) Limited	Dormant
Ensign Homes (Portugal) Limited	Dormant

In the opinion of the Directors the aggregate value of the shares in, and amounts owing from, the company's unconsolidated subsidiary undertakings is not less than the total amount at which they are stated in the balance sheet.

Martin Grant Homes Limited

Notes to the financial statements (continued) For the year ended 31 December 2017

13. Stocks

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Work in progress	88,022,187	56,356,505	86,546,714	54,570,098

14. Debtors

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Amounts falling due within one year:				
Other debtors	218,364	104,947	218,304	92,929
Parent Company Loan Note	2,711,061	-	2,711,061	-
Value Added Tax recoverable	1,363,283	414,175	1,353,708	408,345
Prepayments and accrued income	948,865	803,352	948,865	803,352
Recoverable on contracts	169,208	123,243	169,208	123,243
	<u>5,410,781</u>	<u>1,445,717</u>	<u>5,401,146</u>	<u>1,427,869</u>
Amounts falling due after one year:				
Other debtors	<u>349,167</u>	<u>307,256</u>	<u>349,167</u>	<u>307,256</u>

Rey Construction Limited is a company in which C Grant has a controlling interest. C Grant is a shareholder and director of the immediate and ultimate parent company, Martin Grant (Holdings) Limited.

Included in other debtors in 2017 is an amount of £Nil (2016 - £30) due from Rey Construction Limited.

15. Deferred tax / Provision for liabilities

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
At 1 January 2017			19,583	24,024
Adjustment in respect of prior years			-	-
Deferred tax charge to profit and loss account			(4,636)	(4,670)
Movement arising from the transfer of properties			-	-
At 31 December 2017			<u>14,947</u>	<u>19,354</u>
	2017	Group	2017	Company
	£	2016	£	2016
		£		£
Fixed asset timing differences	<u>14,947</u>	<u>19,583</u>	<u>19,354</u>	<u>24,024</u>

Martin Grant Homes Limited

Notes to the financial statements (continued) For the year ended 31 December 2017

16. Creditors: amounts falling due within one year

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Bank loans and overdrafts (note 17)	80,000	82,541	80,000	80,000
Trade creditors	13,077,938	7,861,900	13,035,376	7,811,801
Deposits received on reservation and exchange	449,186	408,328	449,186	408,328
Amounts owed to group undertakings	18,291,835	5,322,567	26,625,640	13,410,313
Payments on account	616,054	210,322	616,054	210,322
Other creditors	394,245	442,081	394,245	442,081
Other taxation and social security	246,312	197,584	246,312	197,584
Corporation tax	2,235,489	2,213,961	2,235,488	2,209,388
Deferred tax (note 15)	14,947	19,583	19,354	24,024
Accruals	17,841,012	17,321,473	17,829,397	17,305,621
	<u>53,247,018</u>	<u>34,080,340</u>	<u>61,531,052</u>	<u>42,099,462</u>

Included in other creditors is a loan due to C Grant of £Nil (2016 - £24,305).

No Interest was paid in 2017 in relation to the loan due to C Grant (2016 - £nil) (refer to note 7).

17. Creditors: amounts falling due after more than one year

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade Creditors	-	5,000	-	-
Bank loans	30,183,608	19,813,608	30,183,608	19,813,608
	<u>30,183,608</u>	<u>19,818,608</u>	<u>30,183,608</u>	<u>19,813,608</u>

Analysis of borrowings

The maturity profile of the Group's financial liabilities at 31 December was as follows:

	2017 Total £	2016 Total £
Bank loans:		
On demand or within one year	80,000	82,541
Between one and two years	80,000	80,000
Between two and five years	30,103,608	19,733,608
	<u>30,263,608</u>	<u>19,896,149</u>

The group bank overdraft balance at 31 December 2017 is £Nil (2016 - £2,541), which is repayable on demand.

The short term bank loans and overdrafts are secured by charges on the company's land held for development and guarantees by the parent company and fellow subsidiary companies. The bank loans are repaid as plots are sold on the sites to which the loans relate.

The group's development facility is secured against the assets of Martin Grant Homes Limited and its subsidiaries.

Martin Grant Homes Limited

Notes to the financial statements (continued) For the year ended 31 December 2017

18. Called-up share capital and reserves

	2017 £	2016 £
Called-up, allotted and fully paid		
10,000 (2016: 10,000) ordinary shares of £1 each	10,000	10,000

The Group has one class of ordinary shares which carry no right to fixed income.

The Group's other reserves are as follows:

- The capital reserve contains the premium arising on issue of equity shares, net of issue expenses.
- The profit and loss reserve represents cumulative profits or losses, including unrealised profit on the remeasurement of investment properties, net of dividends paid and other adjustments.
- The revaluation reserve represents the cumulative effect of revaluations of freehold land and buildings which are revalued to fair value at each reporting date.

19. Financial instruments

The Group and Company's principal financial instruments comprise bank loans and overdrafts. The purpose of these is to provide finance for the Company's operations. There are no derivatives and no trading in financial instruments is undertaken. The maturity of liabilities is shown in note 17.

There is no material difference between the book values and the fair value of the Group's financial instruments.

As the Company operates wholly within the United Kingdom there is currently exposure to only minimal currency risk.

Interest rate risk of financial assets and liabilities

The Group has floating rate borrowings of £30,263,608 (2016 - £19,896,149), which consist of bank overdrafts and loans which bear interest linked to either the bank base or libor rates. The group's only interest bearing financial assets at 31 December 2017 and 31 December 2016 comprise cash at bank and in hand on which no material interest is earned.

The carrying values of the Group and Company's financial assets and liabilities are summarised by category below:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Financial assets				
Measured at undiscounted amount receivable				
• Other debtors (see note 14)	218,364	104,947	218,304	92,929
• Other debtors greater than 1 year (see note 14)	349,167	307,256	349,167	307,256
• Accrued income	546,560	386,042	546,560	386,042
• Value Added Tax recoverable (see note 14)	1,363,283	414,175	1,353,708	408,345
	<u>2,477,374</u>	<u>1,212,420</u>	<u>2,467,739</u>	<u>1,194,572</u>

Martin Grant Homes Limited

Notes to the financial statements (continued) For the year ended 31 December 2017

19. Financial instruments (continued)

Financial liabilities Measured at amortised cost	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
• Bank loans (see notes 16 & 17)	30,263,608	19,893,608	30,263,608	19,893,608
Measured at undiscounted amount payable				
• Overdraft (see note 23C)	-	2,541	-	-
• Trade creditors (see note 16)	13,077,938	7,861,900	13,035,376	7,811,801
• Corporation tax payable (see note 16)	2,235,489	2,213,961	2,235,488	2,209,388
• Payments on account (see note 16)	616,054	210,322	616,054	210,322
• Amounts owed to Parent & Subsidiary companies	18,291,835	5,322,567	26,625,640	13,410,313
• Other creditors (see note 16)	394,245	442,081	394,245	442,081
• Accruals and deferred income (see note 16)	17,841,011	17,321,472	17,829,397	17,305,621
• Deposits received on reservation and exchange (see note 16)	449,186	408,328	449,186	408,328
	<u>83,169,366</u>	<u>53,676,780</u>	<u>91,448,994</u>	<u>61,691,462</u>

The Group's income, expense, gains and losses in respect of financial instruments are summarised below:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Finance income and expense				
Total investment income for financial assets at amortised cost	10,318	28,570	10,318	28,478
Total interest expense for financial liabilities at amortised cost	<u>1,186,756</u>	<u>1,805,872</u>	<u>1,186,576</u>	<u>1,805,644</u>

The Group's principal financial instruments comprise bank loans and overdrafts. The purpose of these is to provide finance for the Group's operations. There are no derivatives and no trading in financial instruments is undertaken.

Interest rate risk of financial assets and liabilities

The Group has floating rate borrowings of £30,263,608 (2016 - £19,896,149), which consist of bank overdrafts and loans and bear interest linked to bank base or libor rates. The Group's only interest bearing financial assets at 31 December 2017 and 31 December 2016 comprise cash in hand on which no material interest is earned.

Borrowing facilities

The Group has agreed undrawn borrowing facilities at 31 December 2017 and 31 December 2016 which are considered sufficient to meet any current requirements. The Group further expects to be able to obtain additional finance for operations when this is required. The facilities are subject to periodic review.

Martin Grant Homes Limited

Notes to the financial statements (continued) For the year ended 31 December 2017

20. Financial commitments

Operating lease commitments

At 31 December 2017, total future minimum lease payments under non-cancellable operating leases for the Group and Company are as follows:

	Other 2017 £	Other 2016 £
Group		
Leases expiring:		
within one year	142,000	-
within two to five years	52,000	366,000
	<u> </u>	<u> </u>
	Other 2017 £	Other 2016 £
Company		
Leases expiring:		
within one year	142,000	-
within two to five years	52,000	366,000
	<u> </u>	<u> </u>

21. Cross guarantees

The Group has provided cross guarantees for the bank loans and overdrafts of other group companies. At 31 December 2017 the bank borrowings of the other group companies amounted to £Nil (2016 - £2,541).

22. Immediate and ultimate parent company and controlling parties

The immediate and ultimate parent company is Martin Grant (Holdings) Limited, a company incorporated in Great Britain and registered in England and Wales. This heads the largest and smallest groups for which consolidated financial statements are prepared. The registered office of the parent company is Grant House, Felday Road, Abinger Hammer, Dorking, RH5 6QP. A copy of the financial statements of this company can be obtained from the Registrar of Companies, Crown Way, Maindy, Cardiff, CF14 3UZ. The Trustees of the Grant Family Settlements are considered to be the ultimate controlling parties.

23. Related party transactions

During the year the Group purchased no goods in the ordinary course of business from Rey Construction Limited, an associate. (2016 - £nil). Amounts owed to subsidiaries at the reporting date was £8,333,805 (2016 - £8,087,746). These amounts all relate to trading balances.

Martin Grant Homes Limited

Notes to the financial statements (continued) For the year ended 31 December 2017

24. Notes to the cash flow statement

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

	2017 £	2016 £
Operating profit	15,203,545	12,970,718
Depreciation	127,193	110,246
Loss/(profit) on sale of fixed assets	305	(173,033)
(Increase)/Decrease in stocks	(31,665,682)	17,566,378
(Increase)/Decrease in debtors	(4,006,975)	363,925
Increase/(Decrease) in creditors	19,091,104	(9,814,070)
Increase in fair value of investment properties	-	(38,260)
Cash from operations	(1,250,510)	20,985,904
Tax paid	(2,813,960)	(878,348)
Net cash inflow from operating activities	<u>(4,064,470)</u>	<u>20,107,556</u>

24(b) Reconciliation of net cash flow to movement in net debt

	2017 £	2016 £
(Decrease)/Increase in cash in the year	(6,038,256)	12,627,031
Repayment of secured loans	65,980,000	138,876,468
New loans	(76,350,000)	(130,629,832)
Movement in net debt in the year (see note 23(c))	(16,408,256)	20,873,667
Net debt at 1 January	8,440,303	(12,433,364)
Net debt at 31 December	<u>(7,967,953)</u>	<u>8,440,303</u>

24(c) Analysis of net debt

	At 31 December 2016 £	Cash flow £	At 31 December 2017 £
Cash at bank and in hand	28,336,452	(6,040,797)	22,295,655
Overdraft	(2,541)	2,541	-
	<u>28,333,911</u>	<u>(6,038,256)</u>	<u>22,295,655</u>
Debt due less than one year	(80,000)	-	(80,000)
Debt due after more than one year	(19,813,608)	(10,370,000)	(30,183,608)
	<u>8,440,303</u>	<u>(16,408,256)</u>	<u>(7,967,953)</u>

Martin Grant Homes Limited

Notes to the financial statements (continued) For the year ended 31 December 2017

25. Controlling Parties

The Trustees of the Grant Family Settlements are considered to be the controlling parties.



Martin Grant Homes Limited

Notes to the financial statements (continued) **For the year ended 31 December 2017**

Additional information

The additional information on page 32 has been prepared from the accounting records of the Company. While it does not form part of the statutory financial statements and is not audited, it should be read in conjunction with them and the auditor's report thereon.

Martin Grant Homes Limited

Unaudited trading profit and loss account For the year ended 31 December 2017

	2017	2016
	£	£
Turnover	67,877,696	88,110,071
Less:		
Work in progress at 1 January 2017	54,570,098	72,349,641
Building costs	77,652,130	51,587,013
Work in progress at 31 December 2017	(86,546,714)	(54,570,098)
	<u>(45,675,514)</u>	<u>(69,366,556)</u>
Gross profit	22,202,182	18,743,515
Interest receivable	10,318	28,478
Rent receivable	55,639	119,342
Sundry income	133,021	223,724
	<u>198,978</u>	<u>371,544</u>
	22,401,160	19,115,059
Less overhead expenditure		
Administration wages and salaries	2,849,566	2,647,182
Directors' remuneration	2,185,356	1,689,969
Consultancy, legal and professional charges	329,668	307,325
Insurances	124,572	118,797
General and water rates	43,620	42,605
Light, heat and power	19,690	19,081
Postage, stationery and telephone	91,673	108,339
Travelling and entertaining	298,659	282,338
Bank charges and interest	1,186,577	1,805,644
Audit and accountancy	85,250	96,150
General and office expenses	317,150	363,259
Depreciation	127,193	110,246
Loss/(Profit) on sale of fixed assets	305	(11,450)
Provision inter-company losses	-	(308,861)
Vehicle expenses and car allowances	351,485	386,727
Advertising	61,614	46,393
Repairs and renewals	35,745	76,852
Subscriptions	53,171	81,499
Property expenses	121	1,540
Currency variation	(880)	(7,546)
Donations and sponsorship	19,945	14,974
Computer licence and maintenance	46,198	42,763
Rent Payable	122,000	45,265
Investment Properties Revaluation	2,270	(16,910)
	<u>(8,350,948)</u>	<u>(7,942,181)</u>
Profit before taxation	<u>14,050,212</u>	<u>11,172,878</u>