

COMPANY REGISTRATION NUMBER: 02765678

Mantle Developments UK Limited
Financial Statements
31 October 2018



TURPIN BARKER ARMSTRONG
Chartered Certified Accountants & statutory auditor
Allen House
1 Westmead Road
Sutton
Surrey
SM1 4LA

Mantle Developments UK Limited

Financial Statements

Year ended 31 October 2018

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Mantle Developments UK Limited

Officers and Professional Advisers

The board of directors

Mrs S Clemson
Mr L Clemson
Mr M Micallef

Registered office

Allen House
1 Westmead Road
Sutton
Surrey
SM1 4LA

Auditor

Turpin Barker Armstrong
Chartered Certified Accountants & statutory auditor
Allen House
1 Westmead Road
Sutton
Surrey
SM1 4LA

Mantle Developments UK Limited

Strategic Report

Year ended 31 October 2018

The directors submit their Strategic report for the year ended 31st October 2018.

Review of the business and future developments

The Key performance indicators in the year were as follows:

	31.10.2018	31.10.2017
Turnover	£9.2m	£19.2m
Gross Profit	£1.51m	£3.4m
Profit before tax	£0.9m	£2.9m
Shareholders' funds	£2.81m	£2.25m

The directors are pleased with the performance of the company under the current market conditions whilst it has developed some larger sites which have completed in 2019. The company has continued to be active in the management of its overheads.

The company remains in a strong financial position with net assets of £2.81m (2017 - £2.25m) including land held for development and work in progress of £21.4m (2017 - £17.8m). The directors believe the future prospects of the company are sound. The company has been developing some larger sites which will complete in the year ending 31st October 2019 resulting in an increased turnover than that achieved for the year ended 31st October 2018.

Principal risks and uncertainties

All businesses are exposed to risk but the principal risks and uncertainties affecting the company result from the following:

Land supply - the availability of land at appropriate margins is a risk.

Planning – the current planning system results in uncertainty through delays and refusals.

Economic climate – the demand for housing can be influenced by interest rate rises, employment levels, availability of mortgage finance and the general state of the economy in the country.

Subcontract labour – following the recessionary years, a significant number of subcontractor trades left the industry and the upturn in housebuilding activity has not been matched by an increase in the pool of labour to deliver the houses. Competition for subcontract labour remains high resulting in upwards pressure on costs.

These risks are managed through continued research into potential land acquisitions in order to build a strong land bank, regular dialogue with planning authorities and where possible purchasing sites with planning permission already in place and focusing investment on quality developments in areas more resilient to the current economic climate. The group endeavours to maintain close relationships with key subcontractors to ensure a continuous supply of labour.

Key Performance indicators

The company uses several KPIs to measure performance and these include:

Gross margin on cost – all land purchases are targeted to achieve a minimum threshold before the decision to purchase is taken.

Liquidity measures – to ensure the company operates within its banking facilities and has sufficient liquidity to fund the company's activities.

Financial risk management

The company's operations expose it to some financial risks which include price risk, credit risk, liquidity risk and interest rate risk which are monitored by the company's finance department although these are not deemed to represent significant risks to the business. Cash in respect of property sales is received on completion limiting the risk of bad debt. The company monitors its financing mix such that the company has sufficient available funds for operations. The only interest bearing asset and liabilities at the balance sheet date were cash and bank loans. Management regularly review where cash deposits are held to maximise the return generated from these assets and review bank funding to ensure that interest rates charged are competitive.

Mantle Developments UK Limited

Strategic Report *(continued)*

Year ended 31 October 2018

This report was approved by the board of directors on 19-03-2019 and signed on behalf of the board by:



Mr L Clemson
Director

Registered office:
Allen House
1 Westmead Road
Sutton
Surrey
SM1 4LA

Mantle Developments UK Limited

Directors' Report

Year ended 31 October 2018

The directors present their report and the financial statements of the group for the year ended 31 October 2018.

Directors

The directors who served the company during the year were as follows:

Mr L Clemson
Mr M Micallef
Mrs S Clemson

(Appointed 1 January 2018)

Dividends

Particulars of recommended dividends are detailed in note 11 to the financial statements.

Disclosure of information in the strategic report

Information is not shown within the Directors' Report as it is instead included within the Strategic Report on pages 2 and 3 under S414c(11) of the Companies Act 2006.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and 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;
- 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

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

- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.

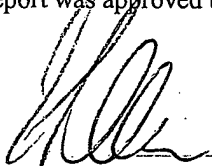
The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

Mantle Developments UK Limited

~~Directors~~ Report *(continued)*

Year ended 31 October 2018

This report was approved by the board of directors on 19-07-2019 and signed on behalf of the board by:



Mr L Clemson
Director

Registered office:
Allen House
1 Westmead Road
Sutton
Surrey
SM1 4LA

Mantle Developments UK Limited

Independent Auditor's Report to the Members of Mantle Developments UK Limited

Year ended 31 October 2018

Opinion

We have audited the financial statements of Mantle Developments UK Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 October 2018 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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.

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 October 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the 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.

Mantle Developments UK Limited

Independent Auditor's Report to the Members of Mantle Developments UK Limited (continued)

Year ended 31 October 2018

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 this regard.

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.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

Mantle Developments UK Limited

Independent Auditor's Report to the Members of Mantle Developments UK Limited

(continued)

Year ended 31 October 2018

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

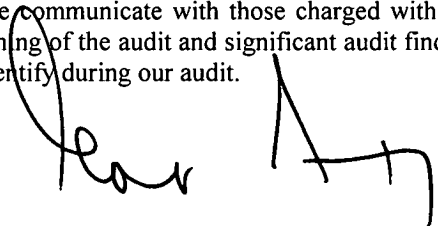
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Mantle Developments UK Limited

Independent Auditor's Report to the Members of Mantle Developments UK Limited *(continued)*

Year ended 31 October 2018

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Martin C Armstrong FCCA FABRP FIPA MBA (Senior Statutory Auditor)

For and on behalf of
Turpin Barker Armstrong
Chartered Certified Accountants & statutory auditor
Allen House
1 Westmead Road
Sutton
Surrey
SM1 4LA

25 July 2019.

Mantle Developments UK Limited
Consolidated Statement of Comprehensive Income
Year ended 31 October 2018

	Note	2018 £	2017 £
Turnover	4	9,175,662	19,216,247
Cost of sales		<u>7,664,591</u>	<u>15,739,049</u>
Gross profit		1,511,071	3,477,198
Administrative expenses		<u>519,841</u>	<u>435,750</u>
Operating profit	5	991,230	3,041,448
Other interest receivable and similar income	8	22,500	64
Interest payable and similar expenses	9	<u>60,969</u>	<u>108,608</u>
Profit before taxation		952,761	2,932,904
Tax on profit	10	<u>182,665</u>	<u>570,288</u>
Profit for the financial year and total comprehensive income		<u><u>770,096</u></u>	<u><u>2,362,616</u></u>

All the activities of the group are from continuing operations.

The notes on pages 18 to 28 form part of these financial statements.

Mantle Developments UK Limited
Consolidated Statement of Financial Position
31 October 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	12	561,122	146,775
Current assets			
Stocks	14	21,390,084	17,813,536
Debtors	15	4,379,815	150,987
Cash at bank and in hand		220,900	1,298,045
		<u>25,990,799</u>	<u>19,262,568</u>
Creditors: amounts falling due within one year	16	<u>23,729,879</u>	<u>17,152,737</u>
Net current assets		<u>2,260,920</u>	<u>2,109,831</u>
Total assets less current liabilities		<u>2,822,042</u>	<u>2,256,606</u>
Creditors: amounts falling due after more than one year	17	<u>11,167</u>	<u>5,827</u>
Net assets		<u><u>2,810,875</u></u>	<u><u>2,250,779</u></u>

The consolidated statement of financial position
continues on the following page.

The notes on pages 18 to 28 form part of these financial statements.


Mantle Developments UK Limited

Consolidated Statement of Financial Position *(continued)*

31 October 2018

	Note	2018 £	2017 £
Capital and reserves			
Called up share capital	20	20,000	20,000
Capital redemption reserve	21	20,000	20,000
Profit and loss account	21	<u>2,770,875</u>	<u>2,210,779</u>
Shareholders funds		<u><u>2,810,875</u></u>	<u><u>2,250,779</u></u>

These financial statements were approved by the board of directors and authorised for issue on 19-07-2019,
and are signed on behalf of the board by:


Mr L Clemson
Director

Company registration number: 02765678

The notes on pages 18 to 28 form part of these financial statements.

Mantle Developments UK Limited
Company Statement of Financial Position
31 October 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	12	8,822	13,425
Investments	13	7	7
		<u>8,829</u>	<u>13,432</u>
Current assets			
Stocks	14	304,997	93,829
Debtors	15	5,870,209	4,524,176
Cash at bank and in hand		191,489	1,040,103
		<u>6,366,695</u>	<u>5,658,108</u>
Creditors: amounts falling due within one year	16	<u>3,575,486</u>	<u>3,650,130</u>
Net current assets		<u>2,791,209</u>	<u>2,007,978</u>
Total assets less current liabilities		<u>2,800,038</u>	<u>2,021,410</u>
Creditors: amounts falling due after more than one year	17	11,167	5,827
Net assets		<u><u>2,788,871</u></u>	<u><u>2,015,583</u></u>

The company statement of financial position
continues on the following page.

The notes on pages 18 to 28 form part of these financial statements.

Mantle Developments UK Limited

Company Statement of Financial Position *(continued)*

31 October 2018

	Note	2018 £	2017 £
Capital and reserves			
Called up share capital	20	20,000	20,000
Capital redemption reserve	21	20,000	20,000
Profit and loss account	21	2,748,871	1,975,583
Shareholders funds		<u>2,788,871</u>	<u>2,015,583</u>

The profit for the financial year of the parent company was £983,288 (2017: £3,006,684).

These financial statements were approved by the board of directors and authorised for issue on 19-07-2019 and are signed on behalf of the board by:



Mr L. Clemson
Director

Company registration number: 02765678

The notes on pages 18 to 28 form part of these financial statements.

Mantle Developments UK Limited
Consolidated Statement of Changes in Equity
Year ended 31 October 2018

		Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 November 2016		40,000	–	1,164,495	1,204,495
Profit for the year		—	—	2,362,616	2,362,616
Total comprehensive income for the year		–	–	2,362,616	2,362,616
Dividends paid and payable	11	–	–	(340,000)	(340,000)
Cancellation of subscribed capital		(20,000)	20,000	–	–
Redemption of shares		—	—	(976,332)	(976,332)
Total investments by and distributions to owners		(20,000)	20,000	(1,316,332)	(1,316,332)
At 31 October 2017		20,000	20,000	2,210,779	2,250,779
Profit for the year		—	—	770,096	770,096
Total comprehensive income for the year		–	–	770,096	770,096
Dividends paid and payable	11	–	–	(210,000)	(210,000)
Total investments by and distributions to owners		–	–	(210,000)	(210,000)
At 31 October 2018		<u>20,000</u>	<u>20,000</u>	<u>2,770,875</u>	<u>2,810,875</u>

The notes on pages 18 to 28 form part of these financial statements.

Mantle Developments UK Limited
Company Statement of Changes in Equity
Year ended 31 October 2018

		Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 November 2016		40,000	—	285,231	325,231
Profit for the year		—	—	3,006,684	3,006,684
Total comprehensive income for the year		—	—	3,006,684	3,006,684
Dividends paid and payable	11	—	—	(340,000)	(340,000)
Cancellation of subscribed capital		(20,000)	20,000	—	—
Redemption of shares		—	—	(976,332)	(976,332)
Total investments by and distributions to owners		(20,000)	20,000	(1,316,332)	(1,316,332)
At 31 October 2017		20,000	20,000	1,975,583	2,015,583
Profit for the year		—	—	983,288	983,288
Total comprehensive income for the year		—	—	983,288	983,288
Dividends paid and payable	11	—	—	(210,000)	(210,000)
Total investments by and distributions to owners		—	—	(210,000)	(210,000)
At 31 October 2018		<u>20,000</u>	<u>20,000</u>	<u>2,748,871</u>	<u>2,788,871</u>

The notes on pages 18 to 28 form part of these financial statements.

Mantle Developments UK Limited

Consolidated Statement of Cash Flows

Year ended 31 October 2018

	Note	2018 £	2017 £
Cash generated from operations	22	(4,764,577)	755,980
Interest paid		(60,969)	(108,608)
Interest received		22,500	64
Tax paid		(126,435)	(179,902)
Net cash (used in)/from operating activities		<u>(4,929,481)</u>	<u>467,534</u>
Cash flows from investing activities			
Purchase of tangible assets		(418,950)	(57,750)
Net cash used in investing activities		<u>(418,950)</u>	<u>(57,750)</u>
Cash flows from financing activities			
Purchase of own shares		–	(976,332)
Proceeds from borrowings		2,484,243	2,108,895
Proceeds from loans from group undertakings		1,997,685	–
Payments of finance lease liabilities		(642)	(5,591)
Dividends paid		(210,000)	(340,000)
Net cash from financing activities		<u>4,271,286</u>	<u>786,972</u>
Net (decrease)/increase in cash and cash equivalents		(1,077,145)	1,196,756
Cash and cash equivalents at beginning of year		<u>1,298,045</u>	<u>101,289</u>
Cash and cash equivalents at end of year		<u>220,900</u>	<u>1,298,045</u>

The notes on pages 18 to 28 form part of these financial statements.

Mantle Developments UK Limited

Notes to the Financial Statements

Year ended 31 October 2018

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Allen House, 1 Westmead Road, Sutton, Surrey, SM1 4LA.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of (enter name of group financial statements) which can be obtained from (enter detail). As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

Consolidation

The financial statements consolidate the financial statements of Mantle Developments UK Limited and all of its subsidiary undertakings.

The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

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

Mantle Developments UK Limited

Notes to the Financial Statements *(continued)*

Year ended 31 October 2018

3. Accounting policies *(continued)*

Revenue recognition *(continued)*

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Motor vehicles	- 20% straight line
Equipment	- 20% straight line

Mantle Developments UK Limited

Notes to the Financial Statements *(continued)*

Year ended 31 October 2018

3. Accounting policies *(continued)*

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Investments in associates

Investments in associates are accounted for using the equity method of accounting, whereby the investment is initially recognised at the transaction price and subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate.

Investments in joint ventures

Investments in joint ventures are accounted for using the equity method of accounting, whereby the investment is initially recognised at the transaction price and subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the joint venture.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Mantle Developments UK Limited

Notes to the Financial Statements *(continued)*

Year ended 31 October 2018

3. Accounting policies *(continued)*

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

4. Turnover

Turnover arises from:

	2018 £	2017 £
Sales	9,175,662	19,216,247
	<u>9,175,662</u>	<u>19,216,247</u>

The whole of the turnover is attributable to the principal activity of the group wholly undertaken in the United Kingdom.

Mantle Developments UK Limited

Notes to the Financial Statements *(continued)*

Year ended 31 October 2018

5. Operating profit

Operating profit or loss is stated after charging:

	2018	2017
	£	£
Depreciation of tangible assets	4,603	4,603
Operating lease rentals	<u>39,291</u>	<u>33,186</u>

6. Auditor's remuneration

	2018	2017
	£	£
Fees payable for the audit of the financial statements	<u>2,750</u>	<u>10,300</u>

7. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2018	2017
	No.	No.
Number of other staff	<u>11</u>	<u>11</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2018	2017
	£	£
Wages and salaries	253,599	202,861
Social security costs	25,617	19,318
Other pension costs	6,462	3,865
	<u>285,678</u>	<u>226,044</u>

8. Other interest receivable and similar income

	2018	2017
	£	£
Interest on loans and receivables	22,500	–
Interest on cash and cash equivalents	<u>–</u>	<u>64</u>
	<u>22,500</u>	<u>64</u>

9. Interest payable and similar expenses

	2018	2017
	£	£
Interest on obligations under finance leases and hire purchase contracts	–	962
Interest payable - desc in a/cs	–	3,927
Other interest payable and similar charges	60,969	103,719
	<u>60,969</u>	<u>108,608</u>

Mantle Developments UK Limited

Notes to the Financial Statements *(continued)*

Year ended 31 October 2018

10. Tax on profit

Major components of tax expense

	2018 £	2017 £
Current tax:		
UK current tax expense	182,665	570,279
Adjustments in respect of prior periods	—	9
Total current tax	<u>182,665</u>	<u>570,288</u>
Tax on profit	<u>182,665</u>	<u>570,288</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2017: higher than) the standard rate of corporation tax in the UK of 19% (2017: 77.64%).

	2018 £	2017 £
Profit on ordinary activities before taxation	<u>952,761</u>	<u>2,932,904</u>
Profit on ordinary activities by rate of tax	181,024	544,753
Adjustment to tax charge in respect of prior periods	—	9
Utilisation of tax losses	<u>(1,640)</u>	<u>(1,665)</u>
Tax on profit	<u>179,384</u>	<u>543,097</u>

11. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2018 £	2017 £
Dividends on equity shares	<u>660,000</u>	<u>340,000</u>

Mantle Developments UK Limited

Notes to the Financial Statements *(continued)*

Year ended 31 October 2018

12. Tangible assets

Group	Freehold property £	Motor vehicles £	Equipment £	Total £
Cost				
At 1 November 2017	133,350	23,015	18,075	174,440
Additions	418,950	—	—	418,950
At 31 October 2018	<u>552,300</u>	<u>23,015</u>	<u>18,075</u>	<u>593,390</u>
Depreciation				
At 1 November 2017	—	9,590	18,075	27,665
Charge for the year	—	4,603	—	4,603
At 31 October 2018	<u>—</u>	<u>14,193</u>	<u>18,075</u>	<u>32,268</u>
Carrying amount				
At 31 October 2018	<u>552,300</u>	<u>8,822</u>	<u>—</u>	<u>561,122</u>
At 31 October 2017	<u>133,350</u>	<u>13,425</u>	<u>—</u>	<u>146,775</u>
Company		Motor vehicles £	Equipment £	Total £
Cost				
At 1 November 2017 and 31 October 2018		<u>23,015</u>	<u>18,075</u>	<u>41,090</u>
Depreciation				
At 1 November 2017		9,590	18,075	27,665
Charge for the year		4,603	—	4,603
At 31 October 2018		<u>14,193</u>	<u>18,075</u>	<u>32,268</u>
Carrying amount				
At 31 October 2018		<u>8,822</u>	<u>—</u>	<u>8,822</u>
At 31 October 2017		<u>13,425</u>	<u>—</u>	<u>13,425</u>

13. Investments

The group has no investments.

Company	Shares in group undertakings £
Cost	
At 1 November 2017 and 31 October 2018	<u>7</u>
Impairment	
At 1 November 2017 and 31 October 2018	<u>—</u>
Carrying amount	
At 1 November 2017 and 31 October 2018	<u>7</u>
At 31 October 2017	<u>7</u>

Mantle Developments UK Limited

Notes to the Financial Statements *(continued)*

Year ended 31 October 2018

13. Investments *(continued)*

Subsidiaries, associates and other investments

Details of the investments in which the parent company has an interest of 20% or more are as follows:

Subsidiary undertakings	Registered office	Class of share	Percentage of shares held
Mantle (Croydon) Limited	Allen House 1 Westmead Road Sutton Surrey SM1 4LA	Ordinary shares	100
Mantle Purley Limited	As above	Ordinary shares	100
Mantle Russell Hill Limited	As above	Ordinary shares	100
Mantle (Sydenham) Limited	As above	Ordinary shares	100
Mantle (Selsdon) Limited	As above	Ordinary shares	100
Mantle Reigate Limited	As above	Ordinary shares	100
Mantle Construction Limited	As above	Ordinary shares	100

14. Stocks

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Work in progress	<u>21,390,084</u>	<u>17,813,536</u>	<u>304,997</u>	<u>93,829</u>

15. Debtors

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Trade debtors	—	—	1,528,584	1,267,395
Amounts owed by group undertakings	2,005,976	—	1,999,716	2,146,182
Prepayments and accrued income	1,846,851	1,865	1,846,851	1,006,252
Directors loan account	450,930	—	450,930	—
Other debtors	76,058	149,122	44,128	104,347
	<u>4,379,815</u>	<u>150,987</u>	<u>5,870,209</u>	<u>4,524,176</u>

Mantle Developments UK Limited

Notes to the Financial Statements (continued)

Year ended 31 October 2018

16. Creditors: amounts falling due within one year

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Bank loans and overdrafts	15,741,524	13,254,938	–	–
Payments received on account	39,320	9,000	–	–
Trade creditors	1,505,408	1,317,785	1,511,724	1,302,751
Amounts owed to group undertakings	1,997,685	–	202,147	460,845
Accruals and deferred income	2,044,286	212,005	175,050	128,318
Corporation tax	752,778	696,548	37,687	95,755
Social security and other taxes	21,610	26,738	21,610	26,738
Obligations under finance leases and hire purchase contracts	–	5,982	–	5,982
Director loan accounts	–	2,343	–	2,343
Other creditors	500,000	499,982	500,000	499,982
Other creditors - amounts owed to Mantle Investments Limited	1,127,268	1,127,416	1,127,268	1,127,416
	<u>23,729,879</u>	<u>17,152,737</u>	<u>3,575,486</u>	<u>3,650,130</u>

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

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Obligations under finance leases and hire purchase contracts	<u>11,167</u>	<u>5,827</u>	<u>11,167</u>	<u>5,827</u>

18. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Not later than 1 year	–	5,982	–	5,591
Later than 1 year and not later than 5 years	<u>11,167</u>	<u>5,827</u>	<u>11,167</u>	<u>11,809</u>
	<u>11,167</u>	<u>11,809</u>	<u>11,167</u>	<u>17,400</u>

19. Financial instruments

For financial instruments measured at fair value, the basis for determining fair value must be disclosed. When a valuation technique is used, the assumptions applied in determining fair value for each class of financial assets or financial liabilities must be disclosed. If a reliable measure of fair value is no longer available for ordinary or preference shares measured at fair value through profit or loss, this must also be disclosed. Where reduced disclosures are applied, disclosures from the Companies Act 2006 still need to be made regarding the fair value of the instruments in each category and the changes in value recognised in profit and loss. Disclosures of the significant assumptions underlying the valuation models and techniques used, and extent and nature of derivative instruments are also required.

Mantle Developments UK Limited

Notes to the Financial Statements *(continued)*

Year ended 31 October 2018

20. Called up share capital

Issued, called up and fully paid

	2018		2017	
	No.	£	No.	£
Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>

21. Reserves

Capital redemption reserve - This reserve records the nominal value of shares repurchased by the company.
Profit and loss account - This reserve records retained earnings and accumulated losses.

22. Cash generated from operations

	2018 £	2017 £
Profit for the financial year	770,096	2,362,616
<i>Adjustments for:</i>		
Depreciation of tangible assets	4,603	4,603
Other interest receivable and similar income	(22,500)	(64)
Interest payable and similar expenses	60,969	108,608
Tax on profit	182,665	570,288
Accrued (income)/expenses	(12,705)	70,820
<i>Changes in:</i>		
Stocks	(3,576,548)	(3,705,298)
Trade and other debtors	(2,383,842)	403,878
Trade and other creditors	<u>212,685</u>	<u>940,529</u>
	<u>(4,764,577)</u>	<u>755,980</u>

Mantle Developments UK Limited

Notes to the Financial Statements *(continued)*

Year ended 31 October 2018

23. Directors' advances, credits and guarantees

During the year the directors entered into the following advances and credits with the company and its subsidiary undertakings:

	2018			
	Balance brought forward £	Advances/ (credits) to the directors £	Amounts repaid £	Balance outstanding £
Mrs S Clemson	—	78,765	—	78,765
Mr L Clemson	(630)	244,541	—	243,911
Mr M Micallef	(1,713)	138,968	—	137,255
	<u>(2,343)</u>	<u>462,274</u>	<u>—</u>	<u>459,931</u>

	2017			
	Balance brought forward £	Advances/ (credits) to the directors £	Amounts repaid £	Balance outstanding £
Mrs S Clemson	—	—	—	—
Mr L Clemson	94,216	15,154	(110,000)	(630)
Mr M Micallef	213,031	—	(214,745)	(1,714)
	<u>307,247</u>	<u>15,154</u>	<u>(324,745)</u>	<u>(2,344)</u>