

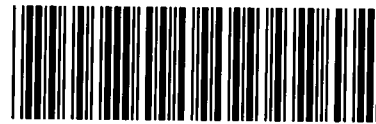
INK DEVELOPMENT COMPANY LIMITED

Directors' report and financial statements

Registered Number: 05769326

31 March 2018

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Ink Development Company Limited
Directors' report and financial statements 31 March 2018

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Ink Development Company Limited
Directors' report and financial statements 31 March 2018

Directors' report

The directors present their directors' report, strategic report and financial statements for the year ended 31 March 2018.

Principal activities

The principal activity is the provision of property development services. The board expects the activities to continue for the foreseeable future.

Proposed dividend

The directors do not recommend the payment of a dividend.

Policy and practice on payment of creditors

Ink pays suppliers within their contractual terms. During the year trade creditors were paid on average 28 days from invoice (2017: 39 days).

Directors and directors' interests

The directors who held office during the year were as follows:

Rowena Beard	
Kerry Kyriacou	Appointed 18 May 2018
Mark Leader	
Mark Miles-Lea	Resigned 18 May 2018
Craig Reynolds	

There were no directors' interests in the shares of the company.

Employees

The company employed no staff during the year.

Political and charitable contributions

The company made no political or charitable donations or incurred any political expenditure during the year.

Ink Development Company Limited
Directors' report and financial statements 31 March 2018

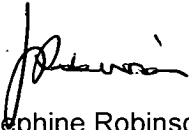
Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware. Each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditor

BDO LLP have expressed their willingness to continue in office. A resolution to reappoint them will be proposed at the next annual general meeting.

By order of the board



Josephine Robinson
Secretary

Date: 3 OCTOBER 2018

Ink Development Company Limited
Directors' report and financial statements 31 March 2018

Strategic report

Development, performance and position

Ink is a jointly owned company which is operated by the two housing associations Optivo and West Kent Housing Association. Ink provides development services to Optivo and West Kent Housing Association for the provision of affordable housing. Ink has been providing these services for the past twelve years and continues to deliver cost savings to the housing associations. Ink has assisted both associations in delivering their affordable homes programme with the Homes and Communities Agency (HCA).

During the year Ink has increased turnover by £11m, and generated a surplus of £14,350 (2017: £1,400 deficit).

Cash at bank has increased during the year to £585k (2017: £524k, this is due to timing of debtors and creditors between Ink and its parent companies).

On the 20 September 2017 Optivo agreed not to contract future schemes through Ink, however they have committed an additional scheme since and are committed to continue to deliver current commitments and will remain a joint owner. This does not affect the strategy of the business, which will continue to provide property development services. West Kent Housing Association will continue to contract schemes through the company.

Principle risks and uncertainties

There are two key risks for Ink:

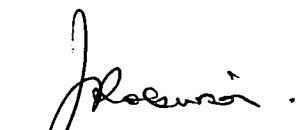
- Not being able to fulfil the development contracts - under the contractual arrangements with the housing associations any risks relating to the development schemes reside with the housing association, therefore the directors feel this mitigates any risk.
- Liquidity issues regarding parent companies - both housing associations have given assurance as to their liquidity and ability to meet contractual commitments.

Both associations are building new affordable homes and are active in developing homes.

Performance Indicators

There are no performance indicators for Ink, as the performance of the developments is managed within Optivo and West Kent Housing Association.

By order of the board



Josephine Robinson
Secretary

Date: 3 OCTOBER 2018

Ink Development Company Limited
Directors' report and financial statements 31 March 2018

Directors' responsibilities

The directors are responsible for preparing the directors' report, the strategic 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 company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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.

Ink Development Company Limited

Independent auditors's report to the members of Ink Development Company Limited

Opinion

We have audited the financial statements of Ink Development Company Limited ("the Company") for the year ended 31 March 2018 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and the notes to the financial statements, 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 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 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.

Ink Development Company Limited

Independent auditors's report to the members of Ink Development Company Limited

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors' Report and the Strategic 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 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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

Ink Development Company Limited

Independent auditors's report to the members of Ink Development Company Limited

Responsibilities of Directors

As explained more fully in the statement of Directors' responsibilities, 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 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 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 at the Financial Reporting Council's website at:

<https://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.



Elizabeth Kulczycki, (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick

Date: 23 October 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Ink Development Company Limited**Statement of comprehensive income for the year ended 31 March 2018**

	Note	2018 £	2017 £
Turnover		19,139,382	8,138,268
Cost of sales		(19,102,119)	(8,121,638)
Gross profit		<u>37,263</u>	<u>16,630</u>
Administration expenses		(19,746)	(18,388)
Operating profit/(loss)	4	<u>17,517</u>	<u>(1,758)</u>
Interest receivable		199	338
Profit/(loss) on ordinary activities before taxation		<u>17,716</u>	<u>(1,420)</u>
Tax on profit/(loss) on ordinary activities	7	(3,366)	20
Profit/(loss) for the year and total comprehensive income/(expenditure) for the year		<u><u>14,350</u></u>	<u><u>(1,400)</u></u>

All income and expenditure was derived from continuing operations.

The notes shown on pages 12 to 18 form part of the financial statements.

Ink Development Company Limited
Balance sheet at 31 March 2018

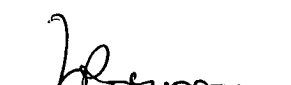
Company registration number: 05769326

	Note	2018 £	2017 £
Current Assets			
Debtors due within one year	8	2,692,957	1,704,035
Debtors due after one year	9	262,774	271,610
Cash and cash equivalents		585,319	524,163
		<u>3,541,050</u>	<u>2,499,808</u>
Creditors:			
Amounts falling due within one year	10	(3,239,091)	(2,203,363)
Net current assets		<u>301,959</u>	<u>296,445</u>
Total assets less current liabilities		<u>301,959</u>	<u>296,445</u>
Creditors:			
Amounts falling due after one year	11	(262,774)	(271,610)
Net assets		<u>39,185</u>	<u>24,835</u>
Capital and reserves			
Called up share capital	13	2	2
Capital redemption reserve	13	1	1
Profit and loss account		39,182	24,832
Shareholders' funds		<u>39,185</u>	<u>24,835</u>

These financial statements were approved and authorised for issue by the board of directors on 3 October 2018 and were signed on its behalf by:



Craig Reynolds
Director



Josephine Robinson
Secretary

The notes on pages 12 to 18 form part of the financial statements.

Ink Development Company Limited
Statement of changes in equity for the year ended 31 March 2018

	2018	2018	2018	2018	2017	2017	2017	2017
	Share Capital	Redemption Reserve	Profit and Loss reserve	Total Equity	Share Capital	Redemption Reserve	Profit and Loss reserve	Total Equity
	£	£	£	£	£	£	£	£
As at 1 April	2	1	24,832	24,835	2	1	26,232	26,235
Profit/(Loss) for the year and total comprehensive expenditure for the year	-	-	14,350	14,350	-	-	(1,400)	(1,400)
As at 31 March	<u>2</u>	<u>1</u>	<u>39,182</u>	<u>39,185</u>	<u>2</u>	<u>1</u>	<u>24,832</u>	<u>24,835</u>

Ink Development Company Limited
Statement of cash flows for the year ended 31 March 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Operating profit/(loss) for the year		17,517	(1,758)
Adjustments for:			
Movement in debtors	9 & 10	(983,452)	(506,488)
Movement in creditors	11 & 12	1,026,892	661,190
Cash from operations		<u>60,957</u>	<u>152,944</u>
Corporation tax paid	7	-	-
Net cash generated from/(used in) operating activities		<u>60,957</u>	<u>152,944</u>
Cash flows from investing activities			
Interest received		199	338
Net cash investment activities		<u>199</u>	<u>338</u>
Net increase/(decrease) in cash and cash equivalents		<u>61,156</u>	<u>153,282</u>
Cash and cash equivalents at beginning of year		524,163	370,881
Cash and cash equivalents at end of year		<u>585,319</u>	<u>524,163</u>

Ink Development Company Limited
Notes to the financial statements 31 March 2018

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Ink Development Company Limited
Notes to the financial statements 31 March 2018

1 Legal status

Ink Development Company Limited is a private company limited by shares and incorporated in England & Wales under the Companies Act 2006.

The nature of the company's operations and its principal activities are detailed in the Directors' Report. The address of the registered office is Grosvenor House, 125 High Street, Croydon, Surrey, CR0 9XP.

2 Accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for Ink includes FRS 102, the 'Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland', the Companies Act 2006 and applicable accounting standards.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the accounting policies.

2.2 Turnover

Ink contracts with both West Kent Housing Association and Optivo to provide management services and pass the direct costs of development through to them.

Turnover from development costs is recognised at the point when the costs of development are incurred and then immediately recharged on to West Kent Housing Association and Optivo.

Turnover derived from the delivery of management services is calculated as a percentage of the developments costs and recognised at the point that the development costs are incurred.

2.3 Current taxation and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generate taxable income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and

Ink Development Company Limited
Notes to the financial statements 31 March 2018

2.3 Current taxation and deferred tax (Continued)

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.4 Cash and cash equivalents

Cash and cash equivalents in the balance sheet consists of cash at bank, in hand, deposits and short term investments with an original maturity of three months or less.

2.5 Dividends

Equity dividends are recognised when approved by the shareholders at the annual general meeting.

3 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have considered the requirements of key judgements and identified there are no significant areas requiring judgement.

Ink Development Company Limited
Notes to the financial statements 31 March 2018

4. Operating loss

2018	2017
£	£

Operating loss is stated after charging:

Auditor's remuneration:

Audit of financial statements

Other services

9,995	7,995
-	-

5. Directors remuneration

The key management personnel are defined as the members of the Board. The directors did not receive any remuneration in the current year (2017:Nil).

6. Staff numbers and costs

There were no staff employed during the year, services are provided by Optivo and West Kent Housing Association and recharged via a project management cost.

7. Taxation

Analysis of charge in year	2018	2017
	£	£

Current tax

Current tax charge/(credit) on profits for the year

-	-
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Deferred Tax

Origination and reversal of timing differences

Effect of change in tax rate on opening balance

Taxation on profit/(loss) on ordinary activities

3,366	(270)
-	250
3,366	(20)

Factors affecting the tax charge for the current year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

Profit/(loss) on ordinary activities before tax	17,716	(1,420)
Profit/(loss) on ordinary activities at the standard rate of corporation tax in the UK of 19% (2017: 20%)	3,366	(284)

Effects of:

Effects of changes in tax rates

Total current tax charge (see above)

-	264
3,366	(20)

Ink Development Company Limited
Notes to the financial statements 31 March 2018

7. Taxation (Continued)

	2018 £	2017 £
Deferred tax asset		
Opening balance	5,010	4,990
Adjustments in respect of prior year deferred tax	-	(250)
Deferred tax utilised	(3,366)	-
Deferred tax (in respect of tax losses)	-	270
Closing balance	<u>1,644</u>	<u>5,010</u>

8. Debtors: amounts due within one year

	2018 £	2017 £
Trade debtors	2,691,313	1,622,819
Other debtors	1,644	81,216
Corporation tax	-	-
	<u>2,692,957</u>	<u>1,704,035</u>

Other debtors includes a deferred tax asset of £1,644 (2017: £5,010).

The deferred tax asset relates wholly to carried forward tax losses.

9. Debtors: amounts due after one year

	2018 £	2017 £
Trade debtors	262,774	271,610
	<u>262,774</u>	<u>271,610</u>

10. Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	504,904	327,000
Other creditors	101,411	-
Accruals and deferred income	2,632,776	1,876,363
	<u>3,239,091</u>	<u>2,203,363</u>

11. Creditors: amounts falling due after one year

	2018 £	2017 £
Trade creditors	262,774	271,610
	<u>262,774</u>	<u>271,610</u>

Ink Development Company Limited
Notes to the financial statements 31 March 2018

12. Financial Instruments

The financial assets comprise of trade debtors and cash and cash equivalents which are measured at historic cost.

The financial liabilities comprise of trade creditors and accruals which are measured at historic cost.

13. Share capital

	2018 £	2017 £
Authorised		
Ordinary shares of £1 each	<u>3</u>	<u>3</u>
Allotted, called up and fully paid		
Shares classified in shareholders' funds	2	2
Shares in capital redemption	<u>1</u>	<u>1</u>
	<u>3</u>	<u>3</u>

Each £1 share carries equal voting rights and equal rights to dividend.

14. Commitments

Capital commitments at the end of the financial year for which no provision has been made, are as follows:

	2018 £	2017 £
Contracted build works	<u>16,054,804</u>	<u>17,517,809</u>

15. Ultimate controlling party

Ink is a joint venture between its parent companies and is therefore is not consolidated. There is no ultimate controlling party and Ink remains under common control of both West Kent Housing Association and Optivo both registered in the UK as Co-operative and Community Benefit Societies.

Ink Development Company Limited
Notes to the financial statements 31 March 2018

16. Related party transactions

Turnover has been generated by providing a design and build service to the shareholding housing associations.

The transactions and year end balances with the two shareholding housing associations are set out below.

	Optivo		West Kent Housing Association	
	2018	2017	2018	2017
	£	£	£	£
Turnover	9,921,464	6,619,123	9,217,918	1,519,145
Recharged overheads	291,299	205,067	310,292	50,829
Trade debtors	1,194,047	1,495,554	1,760,039	398,875
Accruals and deferred Income	298,605	364,277	390,710	349,210